City of Whitewater

Financial Trend Analysis

(1992-2011)

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Financial Trend Analysis

INTRODUCTION
FINANCIAL INDICATORS FOR WHITEWATER, WISCONSIN
1992-2011

There are many meanings when one tries to define the term financial condition when it is applied to public sector entities. In fact, it is made up of any of the following four components:

Cash Solvency: The ability to generate sufficient cash over thirty or sixty days to meet financial obligations (pay the bills, payroll, etc.).

Budgetary Solvency: The ability to generate enough revenues over the budgetary period (calendar year) to meet expenditures and not incur deficits.

Long-Run Solvency: The ability to meet expenditures which do not occur on a yearly basis. Examples are post-employment benefits and pension costs.

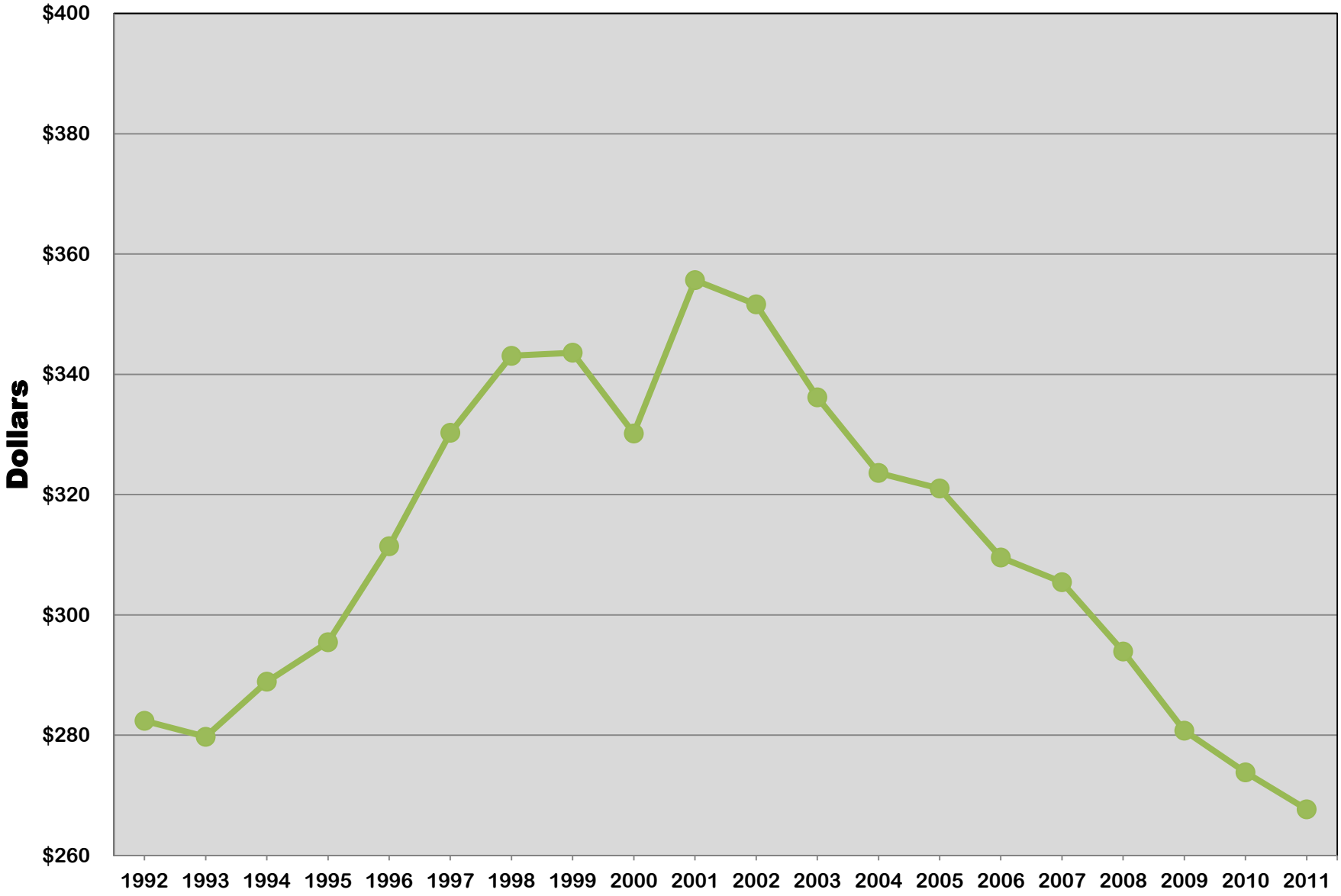
Service-Level Solvency: The community's ability to provide services at the level and quality that is required for the health, safety and welfare of the community and its citizen's desire.

In summary, financial condition can be broadly defined as a local government's ability to finance its services on a continuing basis. Specifically, financial condition refers to a government's ability to 1) maintain existing service levels, 2) withstand local and regional economic disruptions, and 3) meet the demands of natural growth, decline and change.

Through the use of Financial Trend Monitoring System (FTMS) the City of Whitewater can evaluate eleven "factors" which represent the primary forces that influence financial conditions. Associated with these factors are forty-two "indicators" that measure different aspects of nine of the factors. Not all factors or indicators are applicable to the City of Whitewater. Some of the major "factors" are debt structure, revenues, and expenditures, operating positional and intergovernmental constraints. Indicators which influence the factors are growth, population, long-term debt, property value and distribution, attitudes towards taxes and services, and fund balances.

The FTMS shows us 20 years of financial history for the City of Whitewater. The document has been updated yearly for the past 7 years. It is hoped that through the use of the FTMS it will give us an "early" warning of unfavorable trends so they can be dealt with. We should be able to use the FTMS to highlight the positive trends that the City of Whitewater has as well.

Revenues Per Capita



Revenues Per Capita

Fiscal Year Data

Line	Description	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
1	Net operating revenues	$4,964,652	$5,158,815	$5,530,804	$5,881,555	$6,385,340	$6,965,926	$7,330,827	$7,594,450	$7,479,764	$8,292,271
2	Consumer price index (CPI) for the	137.1	142.1	147	151	154.7	157.7	160.3	163.7	168.6	171.7
3	CPI in decimal	1.371	1.421	1.47	1.51	1.547	1.577	1.603	1.637	1.686	1.717
4	Net operating revenues (constant	$ 3,621,190	$ 3,630,412	$ 3,762,452	$ 3,895,070	$ 4,127,563	$ 4,417,201	$ 4,573,192	$ 4,639,249	$ 4,436,396	$ 4,829,511
5	Population or other measure	12,823	12,978	13,023	13,183	13,254	13,374	13,330	13,502	13,437	13,579
6	Net operating revenues per capita	$282.40	$279.74	$288.91	$295.46	$311.42	$330.28	$343.08	$343.60	$330.16	$355.66

Revenues Per Capita

Fiscal Year Data

		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1	Net operating revenues	$8,425,089	$8,304,703	$8,162,831	$8,286,581	$8,198,458	$8,280,534	$8,418,812	$8,149,533	$8,295,780	$8,489,461
2	Consumer price index (CPI) for the	174	177.7	180.2	185.2	189.9	194.1	203	203	209.6	216.9
3	CPI in decimal	1.74	1.777	1.802	1.852	1.899	1.941	2.03	2.03	2.096	2.169
4	Net operating revenues (constant	$ 4,842,005	$ 4,673,440	$ 4,529,873	$ 4,474,396	$ 4,317,250	$ 4,266,117	$ 4,147,198	$ 4,014,548	$ 3,957,910	$ 3,913,998
5	Population or other measure	13,770	13,902	13,998	13,938	13,947	13,967	14,110	14,299	14,454	14,622
6	Net operating revenues per capita	$351.63	$336.17	$323.61	$321.02	$309.55	$305.44	$293.92	$280.76	$273.83	$267.68

Revenues Per Capita

Formula: $\frac{\text{Net Operating Revenues (constant dollars)}}{\text{Population}}$

Description: Per capita revenues show changes in revenues relative to changes in population size. As population increases, it might be expected that revenues and the need for services would increase proportionately and therefore that the level of per capita revenues would remain at least constant in real terms. If per capita revenues are decreasing, the government may be unable to maintain existing service levels unless it finds new revenue sources or ways to save money. This reasoning assumes that the cost of services is directly related to population size.

Warning Trend: Decrease in net operating revenues per capita.

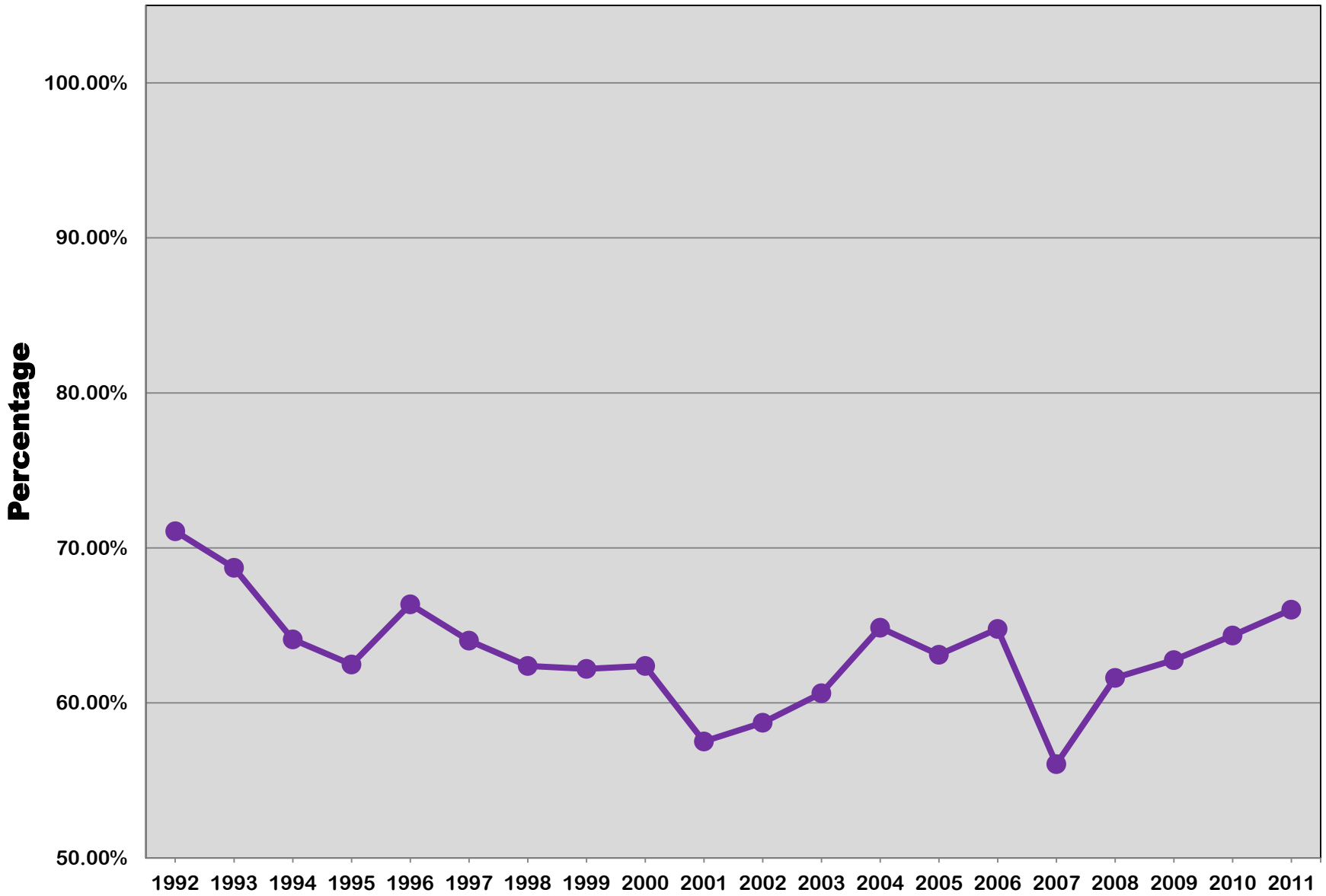
Whitewater Analysis: This financial indicator could also use the number of households, assessed value, or employment base as the denominator rather than population. Population was used because the City's population has shown a steady increase in the last 20 years with a total increase of a little over 2,400 people during that time or 20% (approximately 1% per year). The number of total households in the City has probably grown at a faster pace due to the trend in the U.S. of smaller families and greater numbers of single households.

The warning trend is that there is a decrease in net operating revenues per capita occurring in Whitewater. Over the studied 20 year period, adjusting for inflation, revenues per capita has varied from $267.68 (2011) to $355.66 (2001). For 2011, the Net Operating Revenue Per Capita is less than the city's Net Operating Revenues per Capita 20 years ago. Today Whitewater is serving more people with less money than it was in 1992. Since 2001, revenues per capita have been steadily declining. This primarily reflects lack of growth in the one of the City's major revenue sources- State Shared Revenues.

This trend raises two questions or possible concerns: 1) Is it reasonable to assume that the decreased level of revenues will continue? The City must plan for a time when these revenues might no longer be available (i.e. State Shared Revenues), and 2) Do the decreased revenues per capita represent a decrease in the tax burden as measured by comparing changes in this indicator to changes in personal income, business income or other measures of community wealth?-if the tax burden is increasing will residents and business owners be able to pay for local services?

Facing continued uncertainty regarding State Shared Revenues, the City must consider new revenue sources, modifying the level of existing services and/or alternative employee benefit policies.

Intergovernmental Revenues



Intergovernmental Revenues
Fiscal Year Data

Line	Description	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
1	Intergovernmental operating revenues	$3,528,261	$3,544,785	$3,544,785	$3,674,512	$4,237,581	$4,459,380	$4,572,792	$4,723,400	$4,666,373	$4,768,554
	Shared Revenue										
	Shared Revenue and ERP	$2,711,160	$2,796,920	$2,901,586	2,995,726*	$3,010,443	$2,990,728	$3,001,271	$3,004,373	$3,076,956	$3,160,561
	Shared Revenue - Utility					$276,163.00	$750,513.00	$750,513.00	$750,513	$750,513	$750,513
	State Aid										
	Road Allotment	$361,625	$409,309	$444,896	$457,940	$464,545	$466,414	$490,337	$494,484	$553,753	$558,333
	University Services	$136,877	$191,631	$169,647	$206,838	$311,588	$217,130	$230,180	$419,375	$259,189	$260,685
2	Net Operating Revenues	$4,964,652	$5,158,815	$5,530,804	$5,881,555	$6,385,340	$6,965,926	$7,330,827	$7,594,450	$7,479,764	$8,292,271
3	Intergovernmental operating revenues	71.07%	68.71%	64.09%	62.48%	66.36%	64.02%	62.38%	62.20%	62.39%	57.51%

Intergovernmental Revenues
Fiscal Year Data

		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1	Intergovernmental operating revenues	$4,947,404	$5,034,518	$5,293,086	$5,228,851	$5,310,247	$4,641,085	$5,187,720	$5,114,103	$5,338,300	$5,603,986
	Shared Revenue										
	Shared Revenue and ERP	$3,191,484	$3,201,146	$3,009,206	$3,047,718	$3,032,558	$3,046,697	$3,016,859	$3,009,205	$2,952,038	$2,952,038
	Shared Revenue - Utility	$758,017	$765,597	$750,318	$727,924	$698,318	$668,468	$639,400	$611,378	$583,226	$552,001
	State Aid										
	Road Allotment	$633,676	$645,148	$619,001	$591,775	$567,063	$472,494	$450,435	$508,967	$550,287	$582,587
	University Services	$291,085	$314,345	$293,632	$293,285	$390,536	$334,331	$345,938	$307,746	$323,852	$365,187
2	Net Operating Revenues	$8,425,089	$8,304,703	$8,162,831	$8,286,581	$8,198,458	$8,280,534	$8,418,812	$8,149,533	$8,295,780	$8,489,461
3	Intergovernmental operating revenues	58.72%	60.62%	64.84%	63.10%	64.77%	56.05%	61.62%	62.75%	64.35%	66.01%

Intergovernmental Revenues

Formula: Intergovernmental Operating Revenues
Gross Operative Revenues

Description: Intergovernmental revenues are important because an overdependence on such revenues can be harmful. The federal and state governments struggle with their own budget problems; as a result, they frequently have withdrawn or reduced payments to local governments. Local governments with budgets largely supported by intergovernmental revenues have been particularly harmed. The reduction of intergovernmental funds leaves the municipal government with the dilemma of cutting programs or funding them from general fund revenues.

Warning Trend: Increasing amount of intergovernmental operating revenues as a percentage of gross operating revenues.

Whitewater Analysis: This is a very important financial indicator for the City of Whitewater because of the community's historical reliance on State Shared Revenues and other state funding. Over the studied 20 year period, the amount of intergovernmental revenue as a percentage of the city's annual operating budget has gone down somewhat but these revenues cannot still represent more than 60% of the city budget.

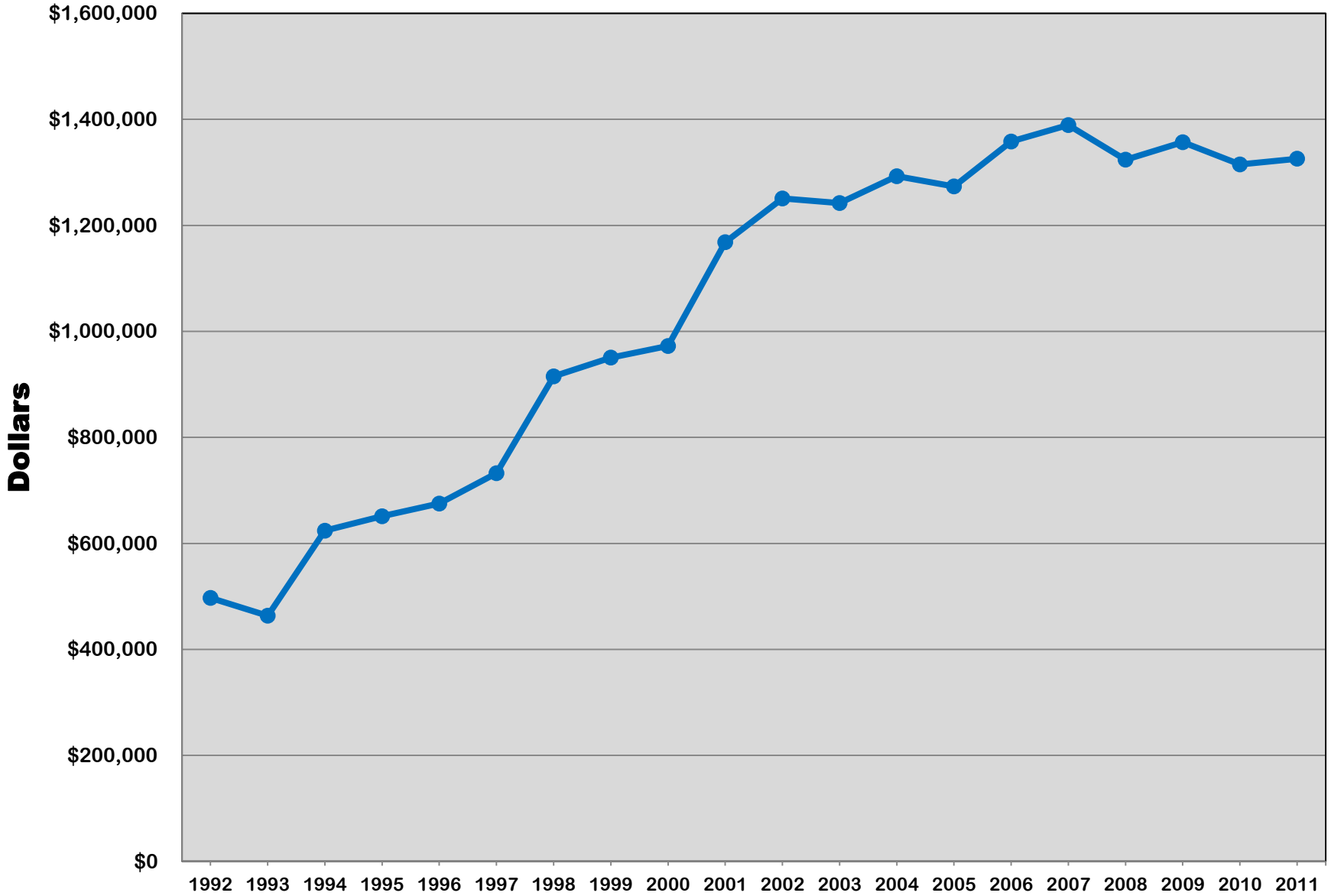
The City received 71.07% of its operating revenues from intergovernmental sources in 1992 and that percentage has decreased to 66.01% in 2011. The City's chief intergovernmental revenue source, Shared Revenue from the State of Wisconsin, reached a peak of $3,201,146 in 2003 and that amount has decreased to $2,952,038 in 2011.

The City's State transportation aids have risen from 1992 through 2003. This increase has been a function of the City's increase in miles of local streets and roads as much as an increase in the amount available from the State for such purposes. Since 2003, the transportation aids have declined from $645,148 to $582,587 in 2011 (this revenue source actually increased 2% over the previous year). The decline since 2006 can be partially attributed to the opening of the Whitewater by-pass which took over the State Highway designation and the associated transportation aid from the City.

The City's amount of State assistance for services to the University of Wisconsin-Whitewater has also risen over the studied period; however, it dropped from a 20 year high in 1999 of $419,375 to only $365,187 in 2011.

The City must strive to continue to reduce its reliance on intergovernmental revenues. Policies should be considered by the City Council that would limit intergovernmental revenues to a certain percentage as well as that all potential grants be carefully examined for matching requirements (both dollar and level-of-effort matches). Intergovernmental assistance should also be used to finance only those capital improvements that are consistent with the City's long-term Capital Improvement Program (CIP).

Property Tax Revenues (constant dollars)



Tax Revenues

Fiscal Year Data

Line	Description	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
1	Tax revenues	$681,619	$658,769	$917,188	$983,261	$1,044,419	$1,155,102	$1,466,918	$1,556,159	$1,639,553	$2,006,033
2	Consumer price index (CPI) for the municipality's area	137.1	142.1	147	151	154.7	157.7	160.3	163.7	168.6	171.7
3	CPI in decimal	1.371	1.421	1.47	1.51	1.547	1.577	1.603	1.637	1.686	1.717
4	Tax revenues (constant dollars)	$ 497,169	$ 463,595	$ 623,937	$ 651,166	$ 675,125	$ 732,468	$ 915,108	$ 950,616	$ 972,451	$ 1,168,336

Tax Revenues

Fiscal Year Data

Line	Description	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1	Tax revenues	$2,176,397	$2,207,408	$2,329,553	$2,358,651	$2,579,342	$2,696,586	$2,687,809	$2,754,615	$2,756,361	$2,875,851
2	Consumer price index (CPI) for the municipality's area	174	177.7	180.2	185.2	189.9	194.1	203	203	209.6	216.9
3	CPI in decimal	1.74	1.777	1.802	1.852	1.899	1.941	2.03	2.03	2.096	2.169
4	Tax revenues (constant dollars)	$ 1,250,803	$ 1,242,210	$ 1,292,760	$ 1,273,570	$ 1,358,263	$ 1,389,277	$ 1,324,044	$ 1,356,953	$ 1,315,058	$ 1,325,888

Tax Revenues

Formula: Tax Revenues (constant dollars)

Description: A decline or a diminished growth rate in taxes can have a number of causes. First, it may reflect an overall decline in property values; a decline in national, state, or local economic health; a decline in total number of households; or the movement of retail or industrial operations to other communities. Second, it may result from default on property taxes by property owners or an inefficient assessment of appraisal process for property. Finally, it may result from sales or income tax payers moving their base of operations to other jurisdictions.

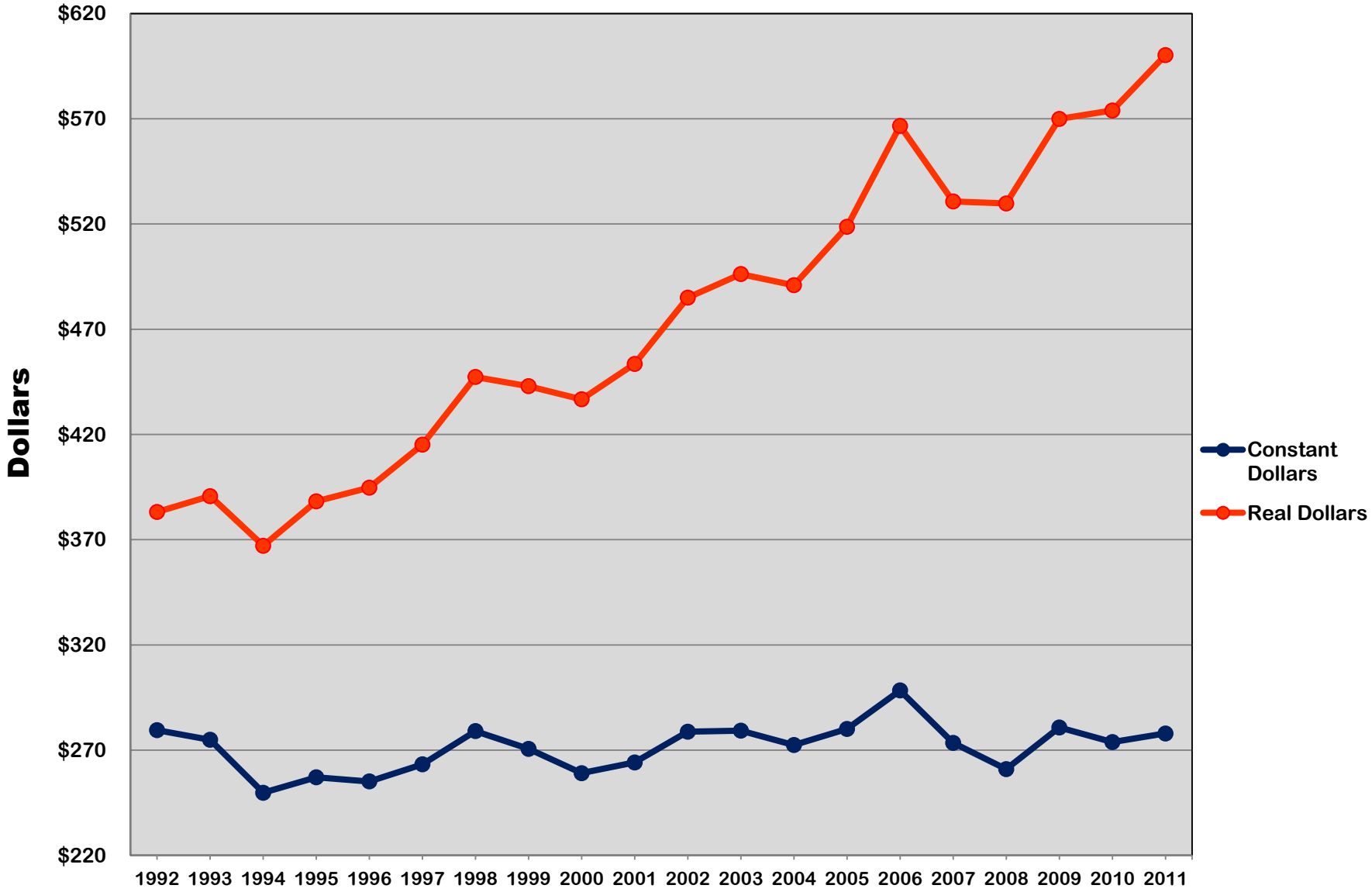
Warning Trend: Decline in Tax Revenues (constant dollars).

Whitewater Analysis: Property tax revenues in constant dollars received by the City of Whitewater have risen from $497,169 in 1992 to $1,325,888 in 2011 (actual property tax levied in 2011 was $2,787,851)-an increase in contstant dollars of approximately 166%. The consumer price index during this same time frame increased 58.5%.

While the City has seen an increase in this source of its revenues, it is primarily a function of the good economic conditions that have affected local, regional and state market property values. The market value of the City's property soared from $156.853 million in 1992 to $616.93 million in 2011. Within the last three years, however, city assessed values have declined by a total of 5.3 %. This demonstrates a declining overall property tax base, however, this decline has been less than in most Wiscosnsin muncipalities over the same period.

Note: For the comparison to the other Wisconsin areas refer to the last narrative (property value).

Expenditures Per Capita



Expenditures Per Capita

Fiscal Year Data

Line	Description	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
1	Net operating expenditures	$4,913,503	$5,070,190	$4,780,702	$5,117,956	$5,231,425	$5,552,387	$5,963,025	$5,980,834	$5,868,398	$6,171,516
2	Consumer price index (CPI) for the municipality's area	137.10	142.10	147.00	151.00	154.70	157.70	160.30	163.70	168.60	171.70
3	CPI in decimal	1.37	1.42	1.47	1.51	1.55	1.58	1.60	1.64	1.69	1.72
4	Net operating expenditures in CPI base-year dollars	$3,583,883	$3,568,044	$3,252,178	$3,389,375	$3,381,658	$3,520,854	$3,719,916	$3,653,533	$3,480,663	$3,594,360
5	Population or other measure	12,823	12,978	13,023	13,183	13,254	13,374	13,330	13,502	13,437	13,608
6	Net operating expenditures per capita (constant dollars)	$279	$275	$250	$257	$255	$263	$279	$271	$259	$264
7	Net operating expenditures per capita	$383	$391	$367	$388	$395	$415	$447	$443	$437	$454

Expenditures Per Capita

Fiscal Year Data

		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1	Net operating expenditures	$6,641,401	$6,891,299	$6,872,127	$7,229,437	$7,902,652	$7,412,705	$7,475,044	$8,149,533	$8,295,780	$8,777,011
2	Consumer price index (CPI) for the municipality's area	174.00	177.70	180.20	185.20	189.90	194.10	203.00	203.00	209.60	216.93
3	CPI in decimal	1.74	1.78	1.80	1.85	1.90	1.94	2.03	2.03	2.10	2.16
4	Net operating expenditures in CPI base-year dollars	$3,816,897	$3,878,052	$3,813,611	$3,903,584	$4,161,481	$3,819,013	$3,682,288	$4,014,548	$3,957,910	$4,063,431
5	Population or other measure	13,693	13,887	13,998	13,938	13,947	13,967	14,110	14,299	14,454	14,622
6	Net operating expenditures per capita (constant dollars)	$279	$279	$272	$280	$298	$273	$261	$281	$274	$278
7	Net operating expenditures per capita	$485	$496	$491	$519	$567	$531	$530	$570	$574	$600

Expenditures per Capita

Formula: $\frac{\text{Net operating expenditures (constant dollars)}}{\text{Population}}$

Description: Changes in per capita expenditures reflect changes in expenditures relative to changes in population. Increasing per capita expenditures can indicate that the cost of providing services is outstripping the community's ability to pay, especially if spending is increasing faster than the residents' collective personal income. From a different perspective, if the increase in spending is greater than can be accounted for by inflation or addition of new services, it may indicate declining productivity—that is, that the government is spending more real dollars to support the same level of services.

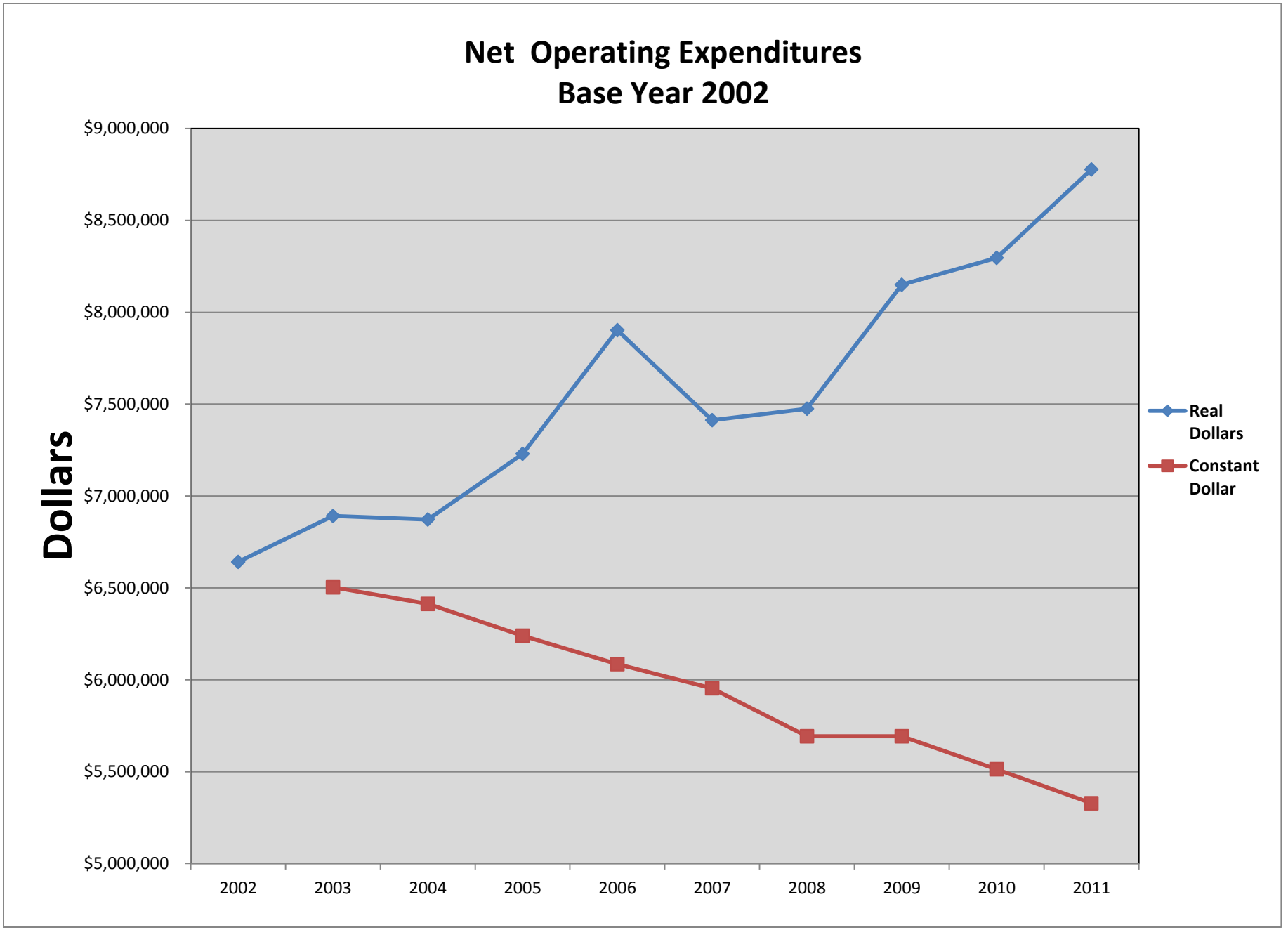
Warning Trend: Increasing number of municipal employees per capita.

Whitewater Analysis: This is a very positive financial trend for the City of Whitewater. Even though in current (actual) dollars the City's spending per capita rose from $383 (1992) to $600 in the period from 1992 to 2011 when taking into account inflation and the increased cost of living, City expenditures per capita were about the same in 2011 as in 1992 Thus, even though the City has grown in population and in size (two prime indicators of demand for city services), its spending has really remained very constant.

Part of the reason for this favorable trend is that the City Council is provided with regular reports comparing actual revenues and expenditures to budgeted amounts. Also, the City has employed a number of cost saving measures such as contracting for services or replacing full-time technical staff with consultants and eliminating programs that are no longer important in order to maintain this trend.

It is important to note that while the city continues to implement cost saving measures to keep operating costs low the City's Net Operating Expenditures continue to increase and over this 20 year period has by $3,863,508.

In the future, the City needs to integrate into its annual budget process the use of performance measures and productivity indicators to provide better and improved methods to analyze how it is spending on services and programs.


Net Operating Expenditures
Base Year 2002
Dollars
$9,000,000
$8,500,000
$8,000,000
$7,500,000
$7,000,000
$6,500,000
$6,000,000
$5,500,000
$5,000,000
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
Real Dollars
Constant Dollar

Net Operating Expenditures											
Base Year 2002											
Line	**Description**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
1	Net operating expenditures	$6,641,401	$6,891,299	$6,872,127	$7,229,437	$7,902,652	$7,412,705	$7,475,044	$8,149,533	$8,295,780	$8,777,011
2	CPI	174.00	177.70	180.20	185.20	189.90	194.10	203.00	203.00	209.60	216.90
3	CPI in Decimal	1.74	1.78	1.80	1.85	1.90	1.94	2.03	2.03	2.10	2.17
4	Constant Dollar Amount Compared to 2002		$ 6,503,116.34	$ 6,412,895.53	$ 6,239,761.20	$ 6,085,327.93	$ 5,953,651.59	$ 5,692,629.43	$ 5,692,629.43	$ 5,513,376.78	$ 5,327,818.23

Net Operating Expenditures

Formula: Net Operating Expenditures (2001) x $\frac{\text{CPI 2001}}{\text{CPI (Current Year)}}$

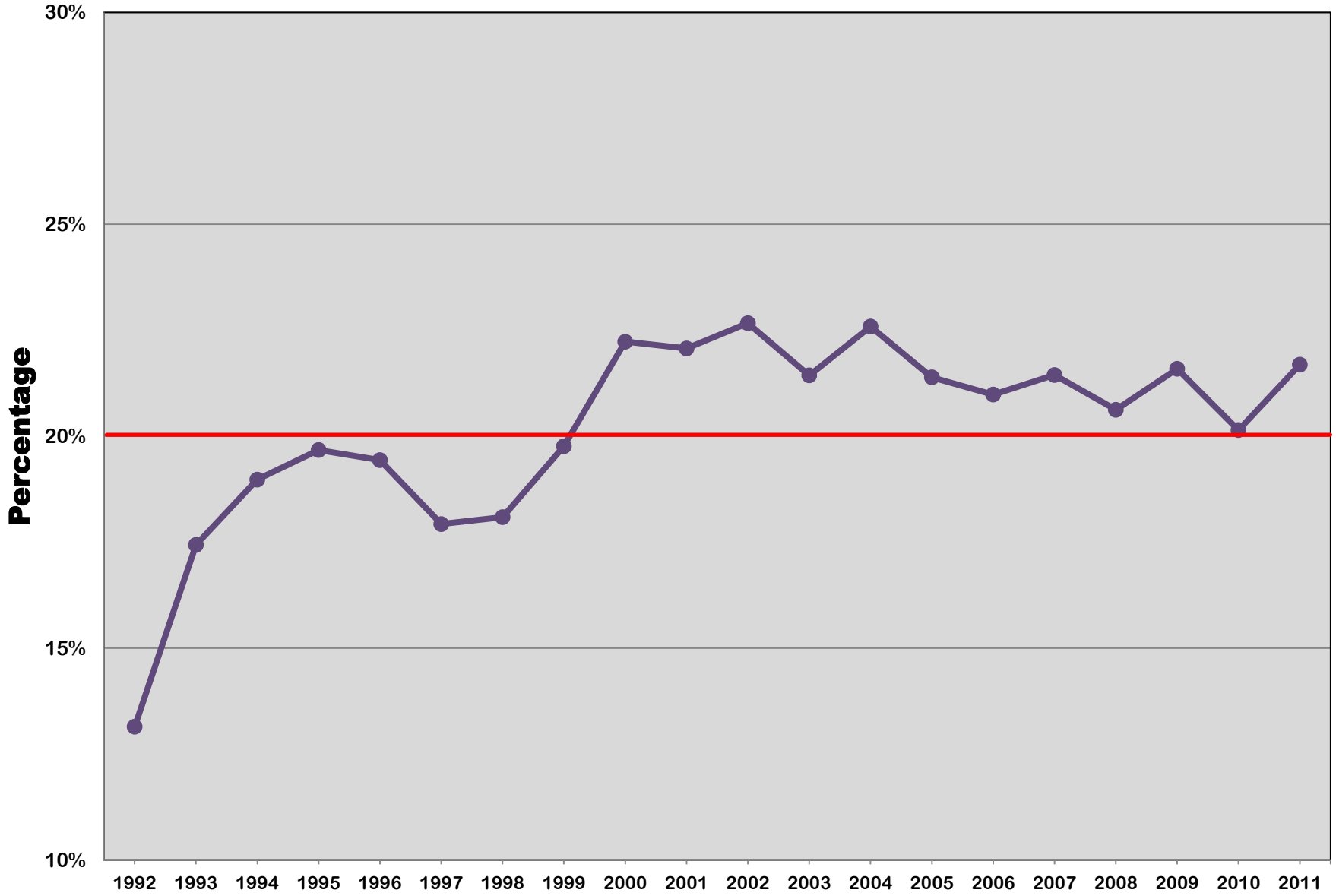
Description: Increasing expenditures can indicate that the cost of providing services is outstripping the community's ability to pay, if the increase in spending is greater than can be accounted for by inflation or addition of new services, it may indicate declining productivity—that is, that the government is spending more real dollars to support the same level of services.

Warning Trend: An increase in Net Operating Expenditures in Constant Dollars

Whitewater Analysis: This is a very positive financial trend for the City of Whitewater. Even though in current real dollars the City's spending rose from $6,171,516 to $8,777,011 from 2001 to 2011, when taking into account inflation and the increased cost of living, the City is spending less today in Constant Dollar Net Operating Expenditures than it was in 2001. Thus, even though the City has grown in population and in size (two prime indicators of demand for city services), its spending has really remained very constant.

Part of the reason for this favorable trend is that the City Council is provided with regular reports comparing actual revenues and expenditures to budgeted amounts. Also, the City has employed a number of cost saving measures such as contracting for services or replacing full-time technical staff with consultants and eliminating programs that are no longer important in order to maintain this trend. A recent example has been the City's investment in energy saving technologies which has significantly reduced operating costs.

General Government As a Percentage of Total Expenditures



Expenditures by Function (General Govenrment)

Fiscal Year Data

Line	Description	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
1	General and administrative expenditures	$4,903,948	$5,019,659	$4,780,702	$5,117,956	$5,231,425	$5,536,810	$5,835,471	$5,965,253	$5,843,099	$6,146,160
	Current Expenditures										
	General Government	$645,918	$883,978	$907,179	$1,006,942	$1,016,769	$995,320	1,078,721	$1,181,988	$1,304,541	$1,362,077
	Public Safety	$1,981,463	$2,045,357	$2,197,005	$2,354,739	$2,413,767	$2,546,129	$2,727,614	$2,622,899	$2,585,630	$2,767,613
	Public Works	$1,511,955	$1,354,437	$936,610	$946,752	$879,869	$959,291	$989,318	$974,043	$892,044	$915,963
	Culture and Education	$638,596	$681,707	$721,012	$727,941	$742,412	$889,181	$940,090	$1,091,875	$960,955	$1,000,489
	Library	$185,004	$226,201	$248,098	$272,459	$285,536	$307,470	$316,449	$322,401	$348,979	$393,413
	Young Library Building	$36,165	$49,338	$61,271	$67,827	$62,269	$182,941	$75,385	$90,872	$80,012	$88,154
	Conservation and Development	$126,016	$54,180	$18,896	$81,582	$178,608	$146,889	$99,728	$94,448	$99,929	$100,018
2	Total net operating expenditures	$4,913,503	$5,070,190	$4,780,702	$5,117,956	$5,231,425	$5,552,387	$5,963,025	$5,980,834	$5,868,398	$6,171,516
3	General and administrative expenditures as a percentage of total net operating expenditures	13.14577%	17.43481%	18.97585%	19.67469%	19.43579%	17.92598%	18.09016%	19.76293%	22.22993%	22.07038%

Expenditures by Function (General Govenrment)

Fiscal Year Data

Line	Description	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1	General and administrative expenditures	$6,594,912	$6,797,582	$6,612,178	$6,858,975	$7,009,467	$7,197,453	$7,689,663	$7,604,335	$7,767,006	$8,592,365
	Current Expenditures										
	General Government	$1,505,429	$1,477,271	$1,552,389	$1,546,404	$1,658,240	$1,589,551	$1,648,165	$1,685,780	$1,597,138	$1,903,567
	Public Safety	$2,779,086	$2,979,398	$2,909,472	$3,119,994	$3,146,977	$3,212,196	$3,677,579	$3,587,158	$3,834,954	$3,953,920
	Public Works	$1,056,057	$1,060,332	$836,396	$944,426	$1,010,115	$1,103,048	$1,108,765	$1,023,722	$999,651	$1,454,736
	Culture and Education	$1,119,838	$1,100,189	$1,100,142	$1,047,222	$1,023,285	$1,049,477	$1,074,082	$1,079,797	$1,128,761	$1,146,245
	Library	$418,341	$438,771	$403,512	$424,850	$454,743	$468,280	$480,743	$464,378	$483,637	$478,545
	Young Library Building	$87,290	$126,889	$95,804	$85,609	$118,777	$162,298	$96,783	$116,175	$88,432	$84,252
	Conservation and Development	$134,502	$180,392	$213,779	$200,929	$170,850	$243,181	$181,272	$227,878	$206,502	$133,897
2	Total net operating expenditures	$6,641,401	$6,891,299	$6,872,127	$7,229,437	$7,902,652	$7,412,705	$7,991,981	$7,807,626	$7,927,925	$8,777,011
3	General and administrative expenditures as a percentage of total net operating expenditures	22.66734%	21.43676%	22.58964%	21.39038%	20.98334%	21.44360%	20.62273%	21.59145%	20.14573%	21.68810%

Expenditures by Function

Formula: $\frac{\text{Operating expenditures for one function}}{\text{Total net operating expenditures}}$

Description: Expenditures by function shows a more detailed breakdown of a local government's general governmental funds expenditures. Expenditures by function will help analyze the cause of the increases in governmental spending over time.

Warning Trend: Increasing operating expenditures for one function as a percentage of total net operating expenditures.

Whitewater Analysis: This is a very interesting financial trend because it shows how much spending has changed over time by the City by function. Also, it is good to track how much the general government costs (essentially the administrative and overhead costs of operating the City) have gone up or down as a percentage of the "line" operations of the municipality.

When looking at the 1992 to 2011 time period, Whitewater's general government costs as a percentage of total net operating expenses dropped to a low of 13.15% in 1992 and then steadily rose to a high of 22.67% in 2002. Since 2001, the percentage has fluctuated between 20.15% (2010) and 22.59% (2004). The 2011 percentage showed a positive decline to 21.69%. This is very close to the city's policy goal of 20%.

It is important for Whitewater city government to monitor this trend and work towards keeping its administrative and overhead costs down as much as possible. A policy goal should be to keep these costs below 20% in the future.

The spending priorities have shifted somewhat in the last 20 years. The percentage of total spending going to support all broad functional categories (Culture and Education, Conservation and Development, General Government, Library, and Public Safety) with the major exception of Public Works has increased during this time frame. Spending for Conservation and Development as well as for the Library has increased seven-fold between 1992 and 2011. Public Safety still commands the highest percentage of city functional spending and now represents 46% of the total operating budget.

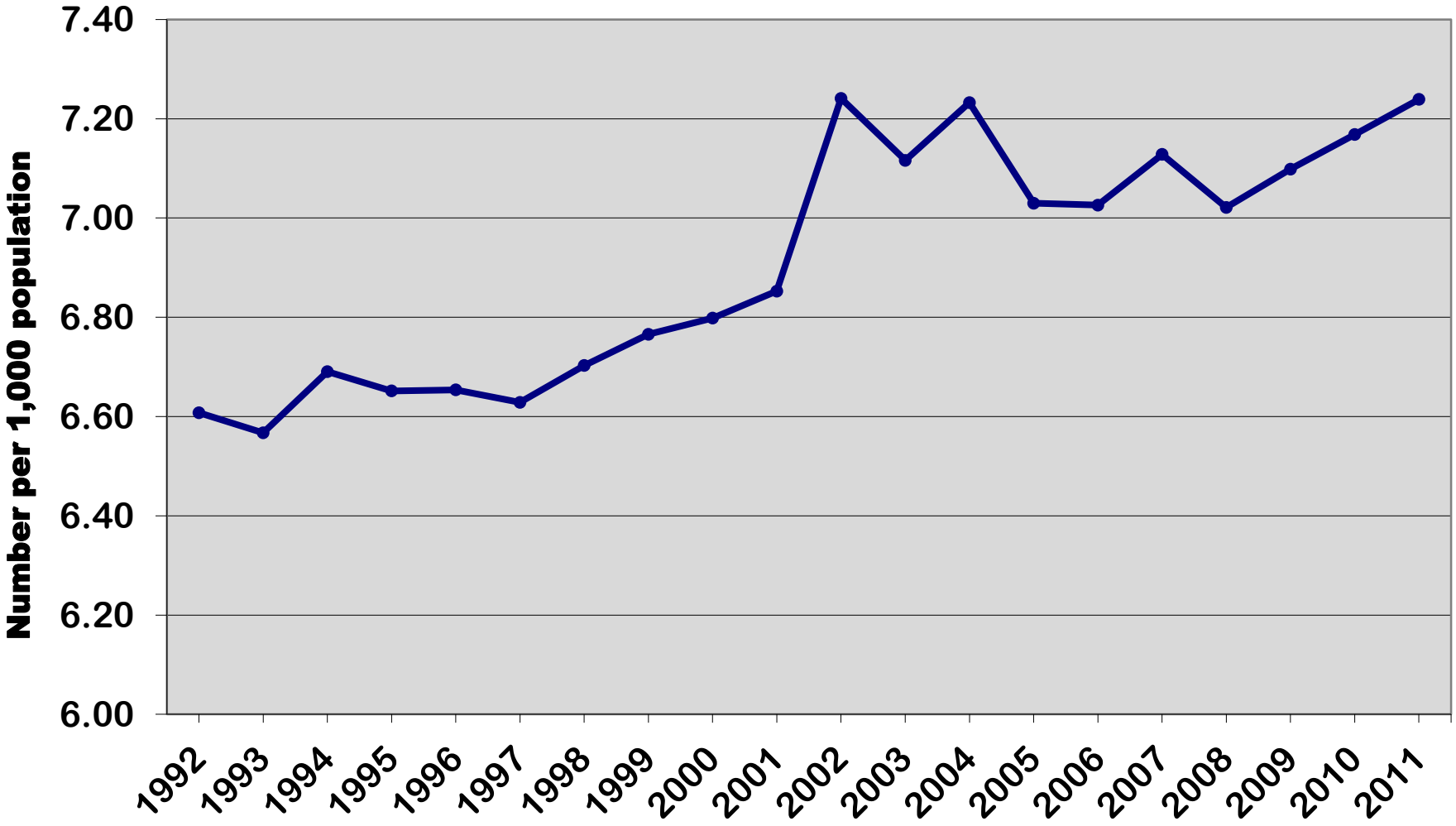
The percentage of spending for public works has dropped precipitously from 30.1% in 1992 to 12.6% in 2010. Part of this drop is due to accounting changes for major infrastructure improvement projects, now funded through a Capital Improvement Program (CIP) as well as the financing of major public works equipment purchases through a capital equipment fund. But it also indicative of greater efficiencies in public works operations such as contracting out of some major functions such as refuse and recycling collection/disposal and application of new technologies.

The City took a major step forward in late 2006 by establishing a non-lapsing Street Repair Fund. This is a positive sign of the City's commitment towards adequately maintaining its infrastructure before street reconstruction costs grow exponentially because of deferred repair and maintenance work.

The City needs to be wary of not spending enough on public works maintenance projects because it could lead to substantially higher operating costs in the future if the infrastructure is not kept up to date.

In the fall of 2007, the City established a Stormwater Utility which transferred the General Fund expenditures related to street cleaning and storm water maintenance to the Stormwater Utility.

Employees per 1,000



Employees per 1,000 Population (1992-2011)

Fiscal Year Data

Line	Description	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1	Number of municipal employees	84.73	85.23	87.13	87.69	88.19	88.65	89.35	91.35	91.35	93.25	99.15	98.82	101.24	97.98	97.99	99.56	99	101.5	103.61	105.85
2	Population or other measure	12,823	12,978	13,023	13,183	13,254	13,374	13,330	13,502	13,437	13,608	13,693	13,887	13,998	13,938	13,947	13,967	14,100	14,299	14,454	14,622
3	Number of municipal employees per capita	6.6077	6.5673	6.6905	6.6517	6.6538	6.6285	6.7029	6.7657	6.7984	6.8526	7.2409	7.1160	7.2325	7.0297	7.0259	7.1282	7.0213	7.0984	7.1683	7.2391

Employees per 1,000

Formula: $\frac{\text{Number of municipal employers}}{\text{Population}}$

Description: Because personnel cost are a major portion of a local government's operating budget, plotting changes in the number of employees per capita is a good way to measure changes in expenditures. An increase in employees per capita might indicate that expenditures are rising faster than revenues that the government is becoming more labor intensive, or that personnel productivity is declining.

Warning Trend: Increasing number of municipal employees per capita.

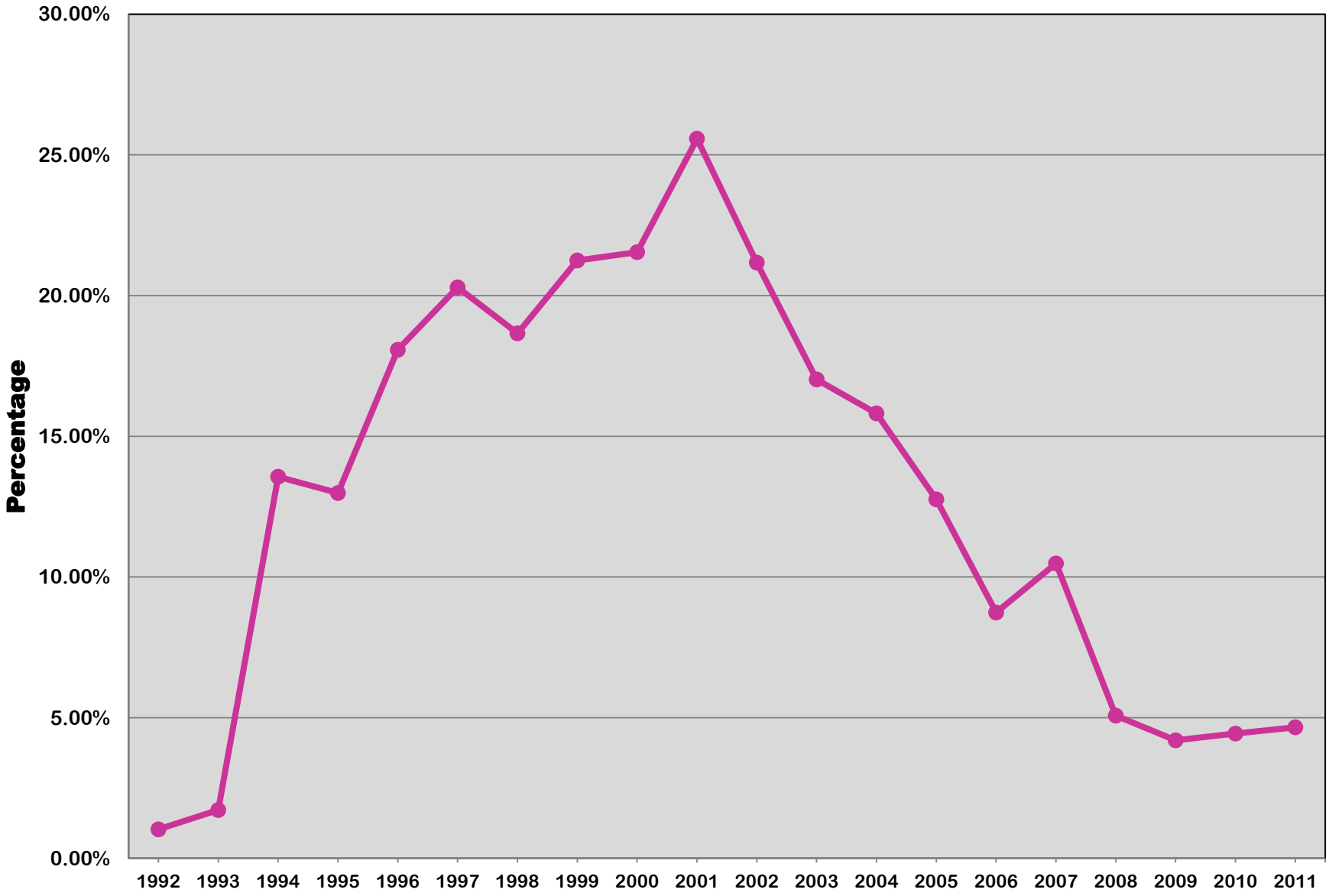
Whitewater Analysis: This is a positive financial trend for the City, particularly over the last several years.

The number of full-time, permanent employees per 1,000 population in 2011 was 7.23, and over the last 10 years has remainined relatively constant. The number of city employees reached a peak of 7.24 per 1,000 residents in 2002 and is at the same level today.

This trend may indicate that Whitewater city government is becoming less labor intensive or that personnel productivity is increasing.

In some local governments, population may not be the best denominator for this indicator. For example, households, assessed value or employment base might be a better measure than a per capita measure. However, with Whitewater this seems to be an appropriate measure because our city services tend to be driven more by population, particularly the large student population, than by these other factors. This may change as the Whitewater Business and University Technology Park s continue to develop and more single-family homes are constructed in the City.

Operating Deficit or Surplus



Operating Deficit or Surplus

Fiscal Year Data

Line	Description	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
1	General fund operating deficit or surplus	$51,149	$88,625	$750,102	$763,599	$1,153,915	$1,413,539	$1,367,802	$1,613,616	$1,611,366	$2,120,755
2	Net operating revenue	$4,964,652	$5,158,815	$5,530,804	$5,881,555	$6,385,340	$6,965,926	$7,330,827	$7,594,450	$7,479,764	$8,292,271
3	General fund operating deficit as a percentage of net operating revenues[1]	1.03%	1.72%	13.56%	12.98%	18.07%	20.29%	18.66%	21.25%	21.54%	25.58%

Operating Deficit or Surplus

Fiscal Year Data

Line	Description	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1	General fund operating deficit or surplus	$1,783,688	$1,413,404	$1,290,704	$1,057,144	$716,251	$867,829	$426,831	$341,907	$367,855	$395,484
2	Net operating revenue	$8,425,089	$8,304,703	$8,162,831	$8,286,581	$8,198,458	$8,280,534	$8,414,812	$8,149,533	$8,295,780	$8,489,461
3	General fund operating deficit as a percentage of net operating revenues[1]	21.17%	17.02%	15.81%	12.76%	8.74%	10.48%	5.07%	4.20%	4.43%	4.66%

Operating Deficit or Surplus

Formula: $\frac{\text{General Fund Operating Deficit or Surplus}}{\text{Net Operating Revenue}}$

Description: An operating deficit or surplus occurs when current expenditures exceed current revenues or are lower than current revenues. A deficit does not always mean that the budget will be out of balance ("budget deficit"), because reserves ("fund balances") from prior years can be used to cover the difference. It does mean, however, that during the current year, the government is spending more than it is receiving. This may be caused by an emergency (such as a natural catastrophe) requiring a large immediate expenditure. Or the spending pattern may be part of a policy to use accumulated surplus fund balances. An operating deficit in any one year may not be cause for concern, but frequent and increasing deficits can indicate that current revenues are not supporting current expenditures and that serious problems may lie ahead.

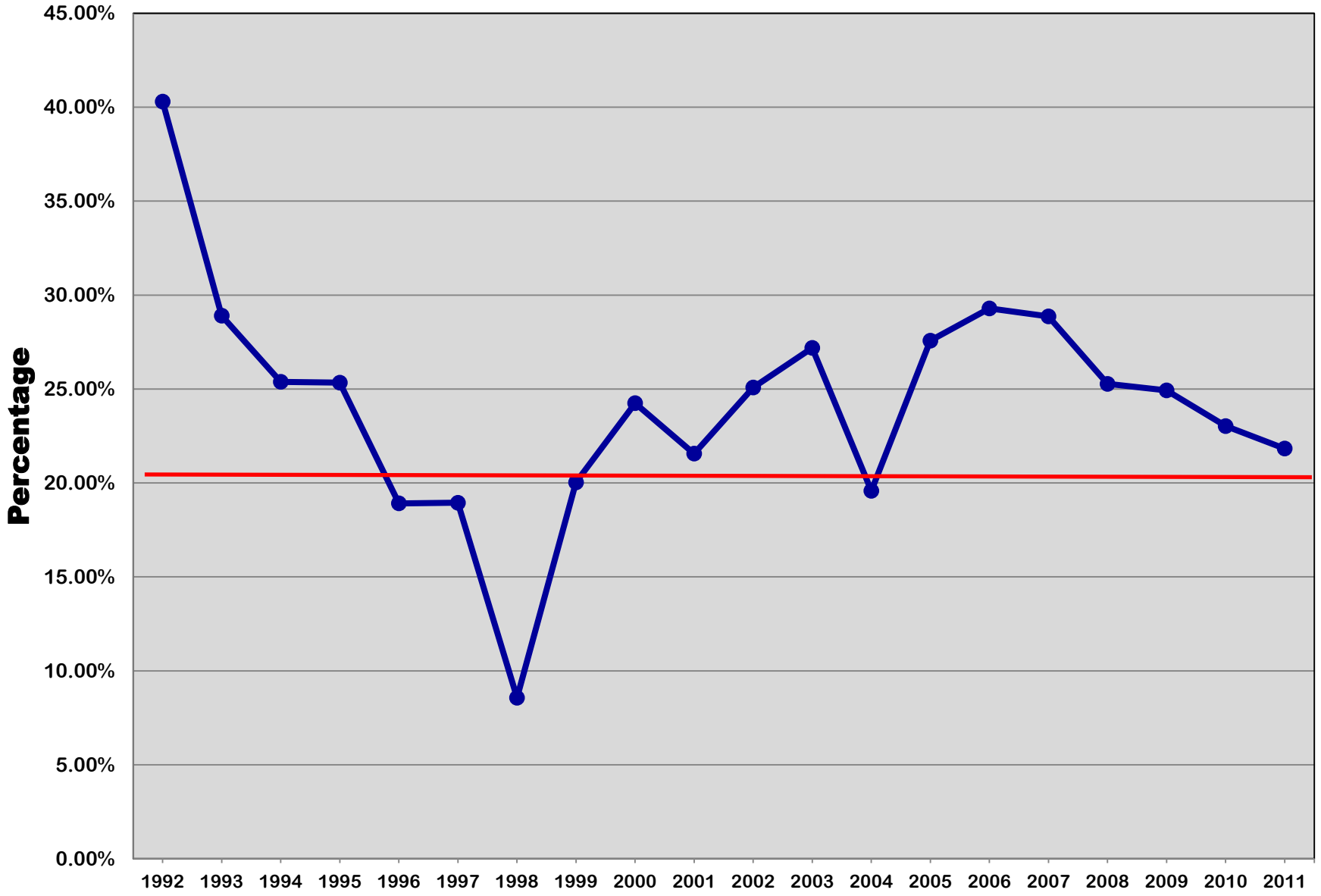
Warning Trend: Increase in general fund operating deficit or surplus as a percentage of net operating revenues.

Whitewater Analysis: This is a positive financial trend for the City.

Whitewater has not had an operating deficit since 1991, and continues to generate more money than what is being spent. In 2001 the operating surplus peaked at 26%. Since 2001 it has gradually decreased to 5%(2011).

Every year is a constant struggle to ensure revenues exceed expenditures, and with future budget cuts to localgovernments throughout Wisconsin it's important to be conscientious of the city's intakes and outakes.

Fund Balance



Fund Balances

Fiscal Year Data

Line	Description	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
1	Unreserved fund balances	$2,000,674	$1,491,029	$1,403,885	$1,490,205	$1,207,772	$1,319,570	$627,857	$1,521,145	$1,813,656	$1,787,953
2	Net operating revenues	$4,964,652	$5,158,815	$5,530,804	$5,881,555	$6,385,340	$6,965,926	$7,330,827	$7,594,450	$7,479,764	$8,292,271
3	Unreserved fund balances as a percentage of net operating revenues	40.30%	28.90%	25.38%	25.34%	18.91%	18.94%	8.56%	20.03%	24.25%	21.56%

Fund Balances

Fiscal Year Data

Line	Description	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1	Unreserved fund balances	$2,113,080	$2,257,910	$1,598,273	$2,284,886	$2,401,276	$2,390,206	$2,127,665	$2,031,393	$1,910,164	$1,850,582
2	Net operating revenues	$8,425,089	$8,304,703	$8,162,831	$8,286,581	$8,198,458	$8,280,534	$8,418,812	$8,149,533	$8,295,780	$8,476,275
3	Unreserved fund balances as a percentage of net operating revenues	25.08%	27.19%	19.58%	27.57%	29.29%	28.87%	25.27%	24.93%	23.03%	21.83%

Fund Balances

Formula: $\frac{\text{Unreserved fund balances}}{\text{Net operating revenues}}$

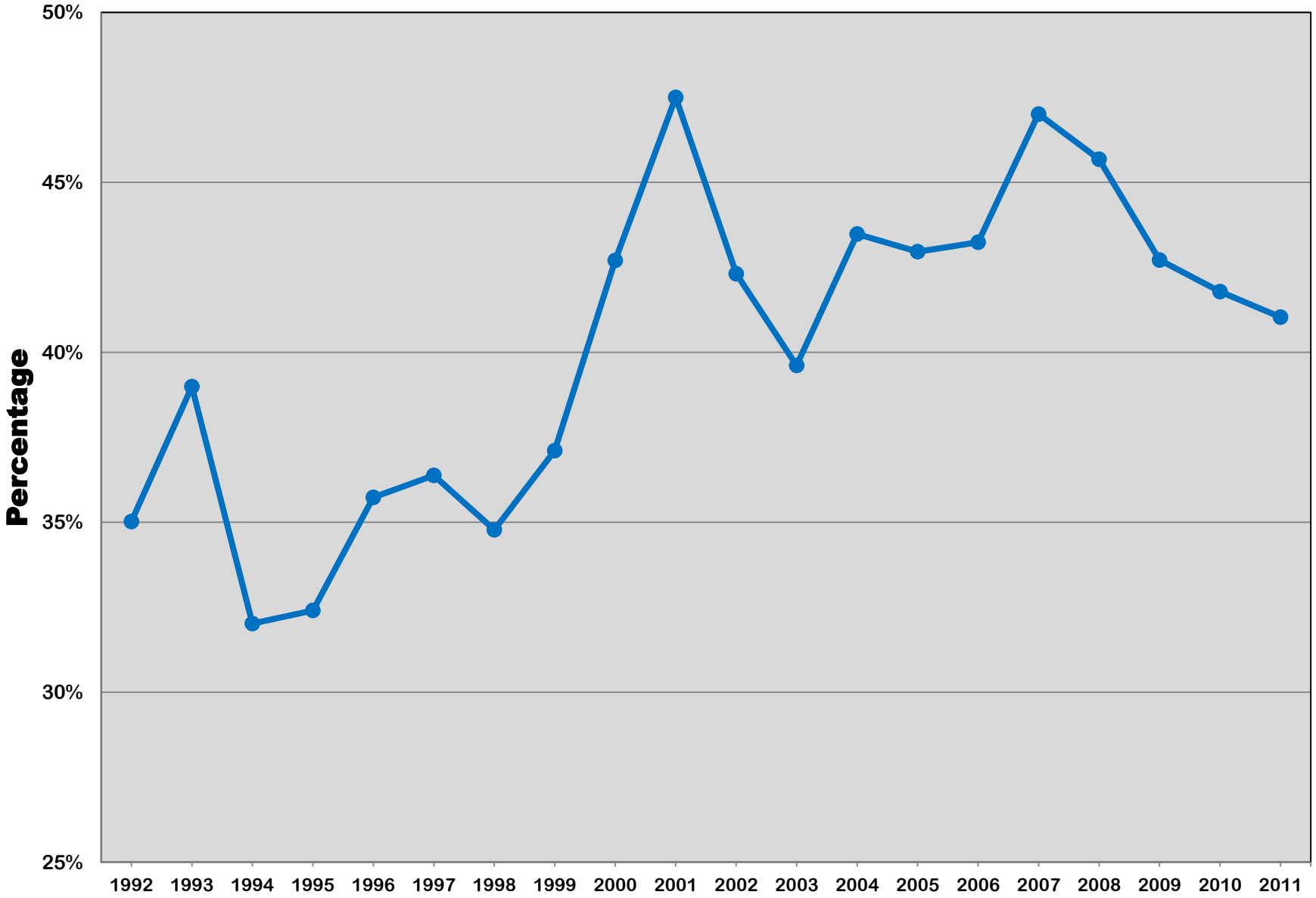
Description: The size of a local government's fund balances can affect its ability to withstand financial emergencies. It can also affect its ability to accumulate funds for capital purchases without having to borrow. Positive fund balances can also be thought of as reserves. An unplanned decline in fund balances may mean that the government will be unable to meet a future need.

Warning Trend: Declining unreserved fund balances as a percentage of net operating revenues.

Whitewater Analysis: While declining unreserved or undesignated fund balances as a percentage of net operating revenues is regarded as a warning trend, the City of Whitewater is regarded as being in good financial shape here because for the last fifteen years or so it has maintained this percentage between 20% and 30% (with the exception of 1991 and 1992 when this rose to approximately 40%).

As stated in the previous indicator analysis, the City has a policy to maintain a minimum of 20% of the annual operating budget in operating reserves (unassigned fund balance). Historically, the City has been conservative in its annual budget revenue projections and has had budgeted funds go unspent, thus providing an annual increase in its operating reserves. This conservative approach to annual budget-making should be maintained as well as rigid adherence to the 20% policy noted above. In 2004, the City dipped below the 20% threshold by approximately 0.5%. In the last six years, however, the City has bounced back to between 21-29%.

Current Liabilities



Current Liabilities

Fiscal Year Data

		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
1	Current liabilities	$1,738,812	$2,011,616	$1,771,091	$1,906,183	$2,281,812	$2,534,374	$2,549,718	$2,818,376	$3,194,356	$3,939,155
2	Net operating revenues	$4,964,652	$5,158,815	$5,530,804	$5,881,555	$6,385,340	$6,965,926	$7,330,827	$7,594,450	$7,479,764	$8,292,271
3	Current liabilities as a percentage of net operating revenues	35%	39%	32%	32%	36%	36%	35%	37%	43%	48%

Current Liabilities

Fiscal Year Data

		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1	Current liabilities	$3,564,981	$3,290,093	$3,549,486	$3,560,272	$3,545,195	$3,892,853	$3,846,062	$3,481,293	$3,466,754	$3,483,873
2	Net operating revenues	$8,425,089	$8,304,703	$8,162,831	$8,286,581	$8,198,458	$8,280,534	$8,418,812	$8,149,533	$8,295,780	$8,489,461
3	Current liabilities as a percentage of net operating revenues	42%	40%	43%	43%	43%	47%	46%	43%	42%	41%

Current Liabilities

Formula: $\frac{\text{Current liabilities}}{\text{Net operating revenues}}$

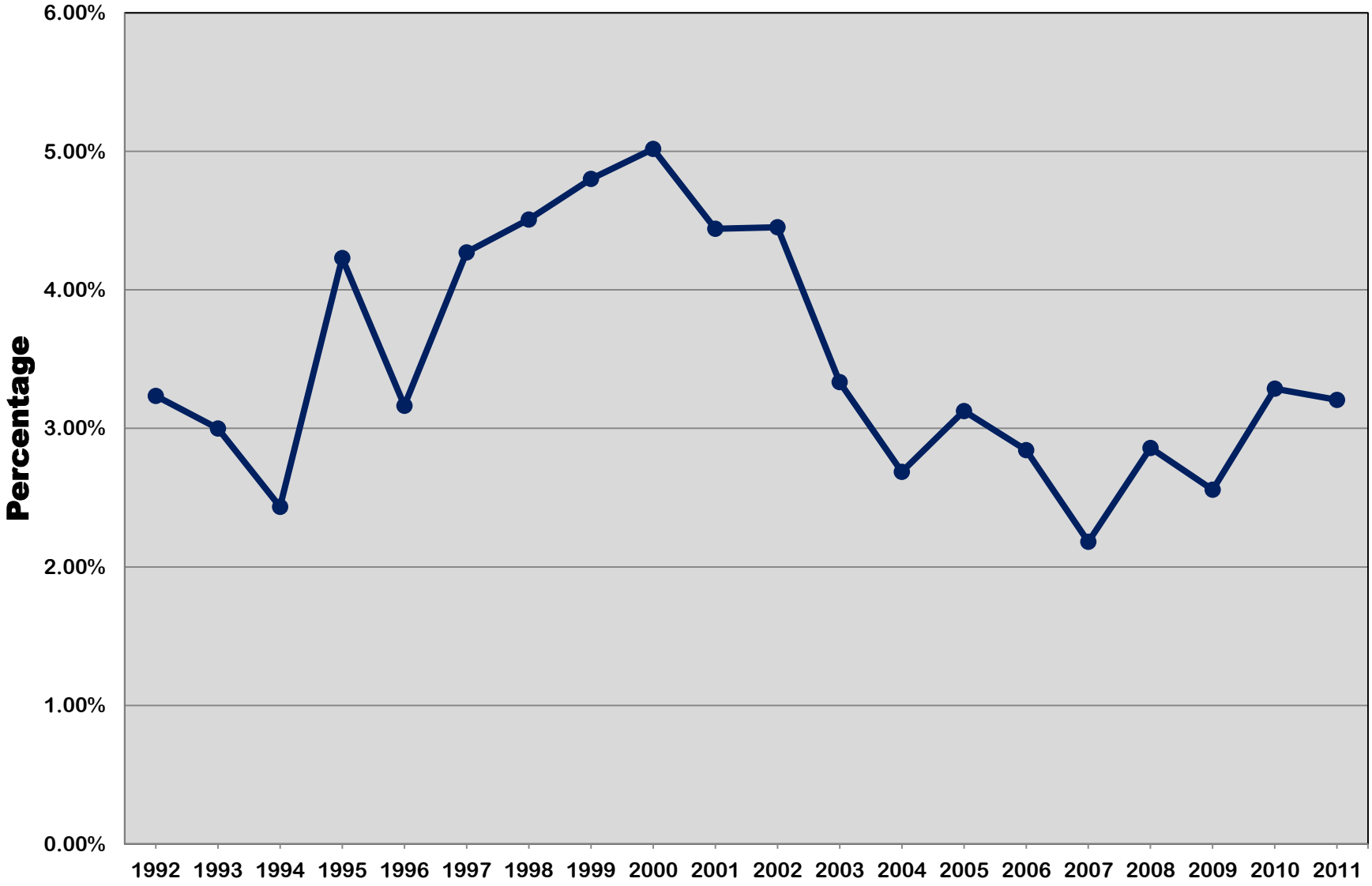
Description: Current liabilities are defined as the sum of all liabilities due at the end of the fiscal year, including short-term debt, current portion of long-term debt, all accounts payable, accrued liabilities, and other current liabilities. Short-term borrowing is an accepted way to deal with uneven cash flow, an increasing amount of short-term debt outstanding at the end of successive years can indicate liquidity problems, deficit spending, or both.

Warning Trend: Increasing current liabilities at the end of the year as a percentage of net operating revenues.

Whitewater Analysis: The municipal credit industry considers the following situations negative factors:1) short-term debt outstanding at the end of each fiscal year should not exceed 5 percent of operating revenues, and 2) a two-year trend of increasing short-term debt outstanding at the end of the fiscal year. The City has not violated either of these factors.

The City of Whitewater has avoided both of these negative factors and since 2001 has seen a steady decline from 48% to 41% in its current liabilities as a percentage of net operating revenues at the end of each fiscal year. The City has conscientiously managed its finances so that short-term debt is not used for cash shortfalls as well as not postponing accounts payable to cope with revenue shortfalls or over expenditures.

Net Direct Bonded Long-Term Debt as a Percentage of Assessed Value



Net Direct Bonded Long-Term Debt as a Percentage of Assessed Valuation

Fiscal Year Data

Line	Description	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
1	Assessed valuation	$156,823,900	$161,623,700	$197,772,500	$201,668,300	$246,044,100	$272,846,900	$305,564,616	$328,337,800	$344,801,700	$377,658,825
2	Population	12,823	12,978	13,023	13,183	13,254	13,374	13,330	13,502	13,437	13,608
3	Personal income	$1,452,602	$1,553,581	$1,685,886	$1,790,764	$1,897,835	$2,026,537	$2,026,537	$2,206,355	$2,315,525	$2,522,363
4	Net direct bonded long-term debt	$5,072,416	$4,847,263	$4,812,776	$8,530,633	$7,783,202	$11,652,588	$13,774,842	$15,765,074	$17,302,379	$16,773,374
5	Net direct bonded long-term debt as a percentage of assessed valuation	3.23%	3.00%	2.43%	4.23%	3.16%	4.27%	4.51%	4.80%	5.02%	4.44%
6	Net direct bonded long-term debt as an amount per resident	$395.57	$373.50	$369.56	$647.09	$587.23	$871.29	$1,033.37	$1,167.61	$1,287.67	$1,232.61

Net Direct Bonded Long-Term Debt as a Percentage of Assessed Valuation

Fiscal Year Data

Line	Description	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1	Assessed valuation	$401,156,875	$433,206,500	$476,636,950	$496,551,900	$542,527,200	$633,007,350	$629,359,650	$632,714,700	$620,952,000	$616,934,900
2	Population	13,693	13,887	13,996	13,938	13,947	13,967	14,110	14,299	14,454	14,622
3	Personal income	$2,546,417	$2,689,137	$2,853,355	$2,941,270	$3,029,508	$3,344,541	$3,414,027	$3,333,254	$3,446,585	$3,435,697
4	Net direct bonded long-term debt	$17,862,096	$14,444,133	$12,803,501	$15,517,051	$15,424,074	$13,808,499	$17,990,890	$16,179,954	$20,410,000	$19,777,000
5	Net direct bonded long-term debt as a percentage of assessed valuation	4.45%	3.33%	2.69%	3.12%	2.84%	2.18%	2.86%	2.56%	3.29%	3.21%
6	Net direct bonded long-term debt as an amount per resident	$1,304.47	$1,040.12	$914.80	$1,113.29	$1,105.91	$988.65	$1,275.05	$1,131.54	$1,412.07	$1,352.55

Long Term Debt

Formula: Net Direct Bonded Long-Term Debt
Assessed Valuation

Description: "Direct debt" is bonded debt for which the local government has pledged its full faith and credit. It does not include the debt of overlapping jurisdictions, such as school districts and county governments.

"Self-supporting debt" is bonded debt that the local government has pledged to repay from a source separate from its general tax revenues. Examples would be a water bond that is repaid from the income of the water utility or bonds issued for tax incremental finance districts that will be repaid from the "incremental" increase in the tax base located within the district.

"Net direct debt" is direct debt minus self-supporting debt. An increase in net direct bonded long-term debt as a percentage of assessed valuation (or the city could use population and/or personal income) as the denominator can mean that the government's ability to repay its debt is diminishing-assuming that the city depends on the property tax to pay its debts.

Warning Trend: Increasing net direct bonded long-term debt as a percentage of assessed valuation.

Whitewater Analysis: The City of Whitewater has seen a decrease in its long-term debt as a percentage of its assessed valuation. This percentage reached a peak of 5.02% in 2000 and was reduced to 3.21% in 2011.

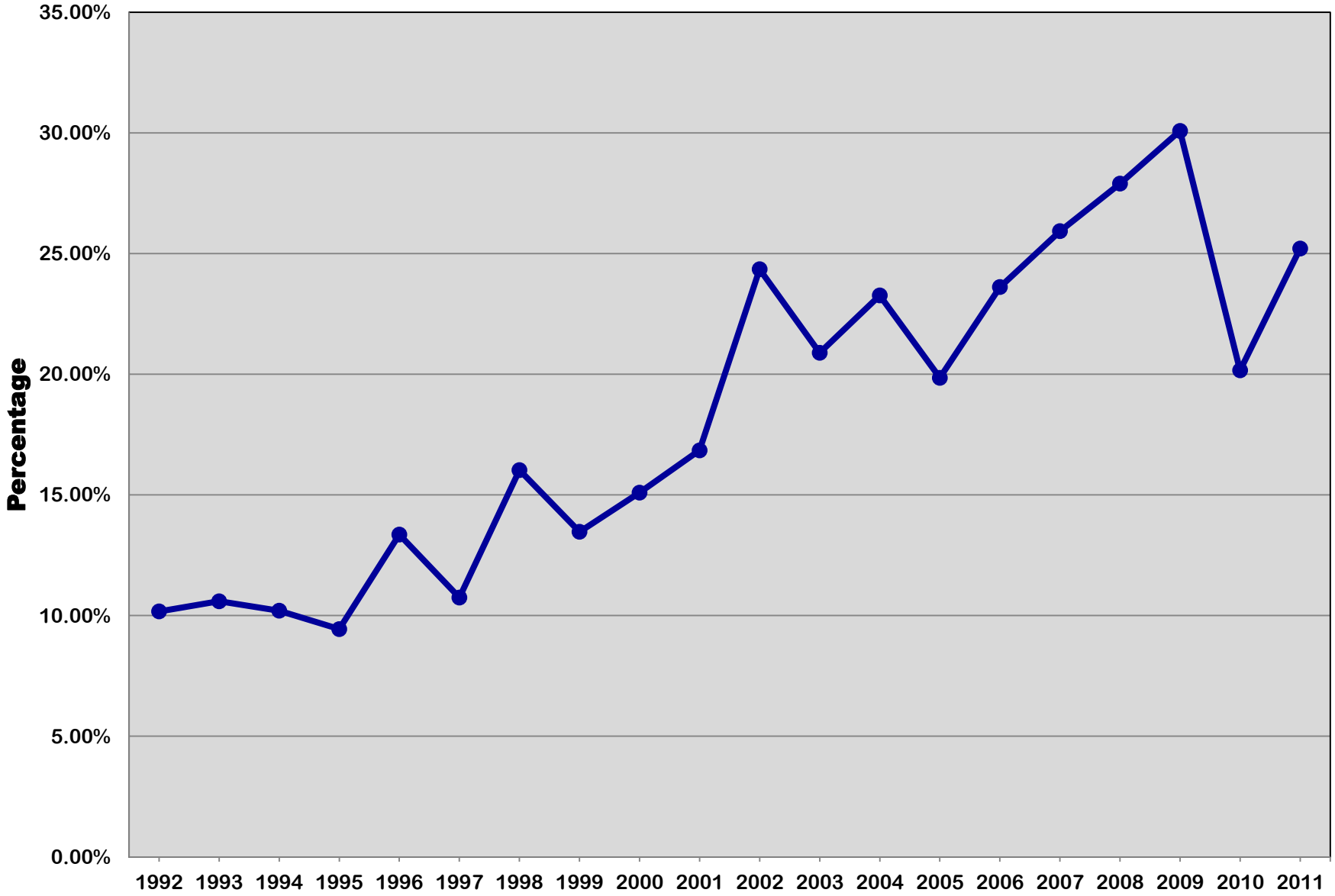
There are two primary reasons for this positive financial trend: 1) the use of annual shared utility revenue as the primary source of the City's Capital Improvements Program (CIP), and 2) the average annual high single-digit increase in the city's assessed valuation over the last ten years. Also, the City has been using tax incremental financing very efficiently to fund some capital improvements that normally would be borrowed for such as the Starin Road extension and University Technology Park infrastructure.

Credit industry benchmarks for assessing long-term debt often include the net direct bonded debt of the City, as well as the bonded debt of the Whitewater Unified School District, Gateway and Madison Area Technical Colleges, Walworth County and Jefferson County. As stated above, net direct bonded debt plus overlapping bonded debt is referred to as overall net debt. Warning signals for overall net debt are as follows:

Overall net debt exceeding 10 percent of assessed valuation
An increase of 20 percent over the previous year in overall net debt as a percentage of market valuation
Overall net debt as a percentage of market valuation increasing 50 percent over the figure for four years earlier
Overall net debt per capita exceeding 15 percent of per capita net income
Net direct debt exceeding 90 percent of the amount authorized by law

The City, while only contributing a portion of this net debt, is well below each of these credit standards.

Net Direct Debt Service



Net Direct Debt Service
Fiscal Year Data

Line	Description	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
1	Net direct debt service	$505,020	$546,360	$564,238	$555,112	$852,779	$748,483	$1,174,854	$1,023,071	$1,128,894	$1,396,675
2	Net operating revenues	$4,964,652	$5,158,815	$5,530,804	$5,881,555	$6,385,340	$6,965,926	$7,330,827	$7,594,450	$7,479,764	$8,292,271
3	Net direct debt service as a percentage of net operating	10.17%	10.59%	10.20%	9.44%	13.36%	10.74%	16.03%	13.47%	15.09%	16.84%

Net Direct Debt Service
Fiscal Year Data

Line	Description	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1	Net direct debt service	$2,051,427	$1,734,562	$1,899,021	$1,644,734	$1,935,771	$2,146,990	$2,347,476	$2,451,288	$1,672,437	$2,139,863
2	Net operating revenues	$8,425,089	$8,304,703	$8,162,831	$8,286,581	$8,198,458	$8,280,534	$8,414,812	$8,149,533	$8,295,780	$8,489,461
3	Net direct debt service as a percentage of net operating	24.35%	20.89%	23.26%	19.85%	23.61%	25.93%	27.90%	30.08%	20.16%	25.21%

Net Direct Debt Service

Formula: $\frac{\text{Net Direct Debt Service}}{\text{Net Operating Revenues}}$

Description: Debt service is defined here as the amount of principal and interest that a local government must pay each year on net direct bonded long-term debt plus the interest it must pay on direct short-term debt. Increasing debt service reduces expenditure flexibility by adding to the government's obligations. Debt service can be a major part of a city's fixed costs, and its increase may indicate excessive debt and fiscal strain.

Warning Trend: Increasing net direct debt service as a percentage of net operating revenues.

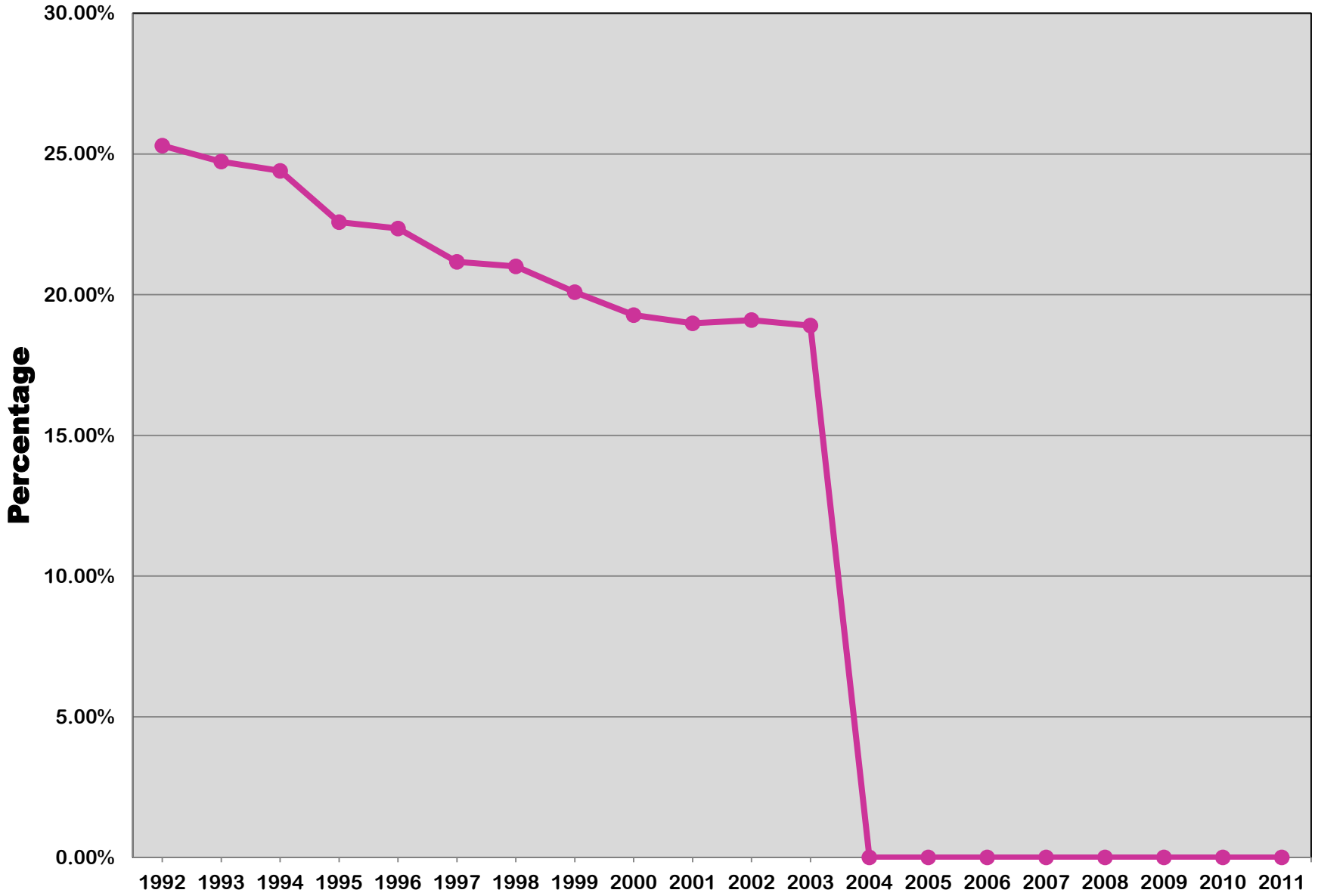
Whitewater Analysis: According to credit industry standards, debt service on net direct debt exceeding 20 percent of operating revenues is considered a potential problem. Ten percent is considered acceptable.

In analyzing this trend, the City in 2006 had a percentage of 24.35% which is considerably above the credit industry standard. However, because the City has issued $ 3,618,622 in new debt for TID#4 in 2005, $500,000 in 2006, and $5,600,000 in 2008, this percentage will be increasing. The general fund has only a small portion of the total debt service outstanding for the City. 85% of the net direct debt service is due to borrowings for TID #4.The balance of 15% is supported by the shared revenue utility payment from the power plant.

It should be noted here that the City issued $5.4 million in new general obligation debt in April 2012 to finance 2012 and 2013 capital improvement projects with annual total debt service capped by Common Council policy at $550,000. This means that net direct debt service will continue this upward trend in the future. While this trend is not desirable, it will likely not be mitigated because of the gradual reduction in shared revenue from the the Cogentrix Power Plant. This revenue source to the City will decrease annually until the guaranteed minimal property value of this utility facility is reached (annual revenues are based on the total depreciated value of the plant).

Financial policy statements should be developed by the City that would indicate desirable levels of debt service as well as procedures for analyzing future debt service. Suggested policies are that 1) total debt service for general obligation debt will not exceed 10 percent of annual operating revenues and 2) before bonded long-term debt is issued, the impact of debt service on total annual fixed costs will be analyzed.

Pension Obligation



Pension Obligation as Percentage of Salaries and Wages

Fiscal Year Data

Line	Description	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
1	Unfunded actuarial accrued liability	$657,054	$656,279	$674,909	$662,896	$679,866	$695,521	$710,489	$725,436	$739,169	$752,614
2	Salaries and wages	$2,597,737	$2,653,833	$2,766,328	$2,936,266	$3,042,086	$3,286,222	$3,382,730	$3,611,398	$3,835,515	$3,965,356
3	Unfunded actuarial accrued liability as a percentage of salaries and wages	25.29%	24.73%	24.40%	22.58%	22.35%	21.16%	21.00%	20.09%	19.27%	18.98%

Pension Obligation as Percentage of Salaries and Wages

Fiscal Year Data

Line	Description	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1	Unfunded actuarial accrued liability	$762,316	$773,559	$0	$0	$0	$0	$0	$0	$0	$0
2	Salaries and wages	$3,991,957	$4,092,876	$4,177,560	$4,308,997	$4,473,391	$4,589,258	$4,947,970	$4,994,502	$5,147,815	$5,258,567
3	Unfunded actuarial accrued liability as a percentage of salaries and wages	19.10%	18.90%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Pension Obligations

Formula: $\frac{\text{Pension Obligations}}{\text{Salaries and Wages}}$

Description: Pension plans can represent a significant expenditure obligation for local governments. Generally accepted accounting principles (GAAP) require that the cost of defined pension plans be accrued as an expense by employers in their financial statements as benefits are earned by employees, regardless of whether the employer actually funds these amounts.

Warning Trend: Increasing pension obligations as a percentage of salaries and wages.

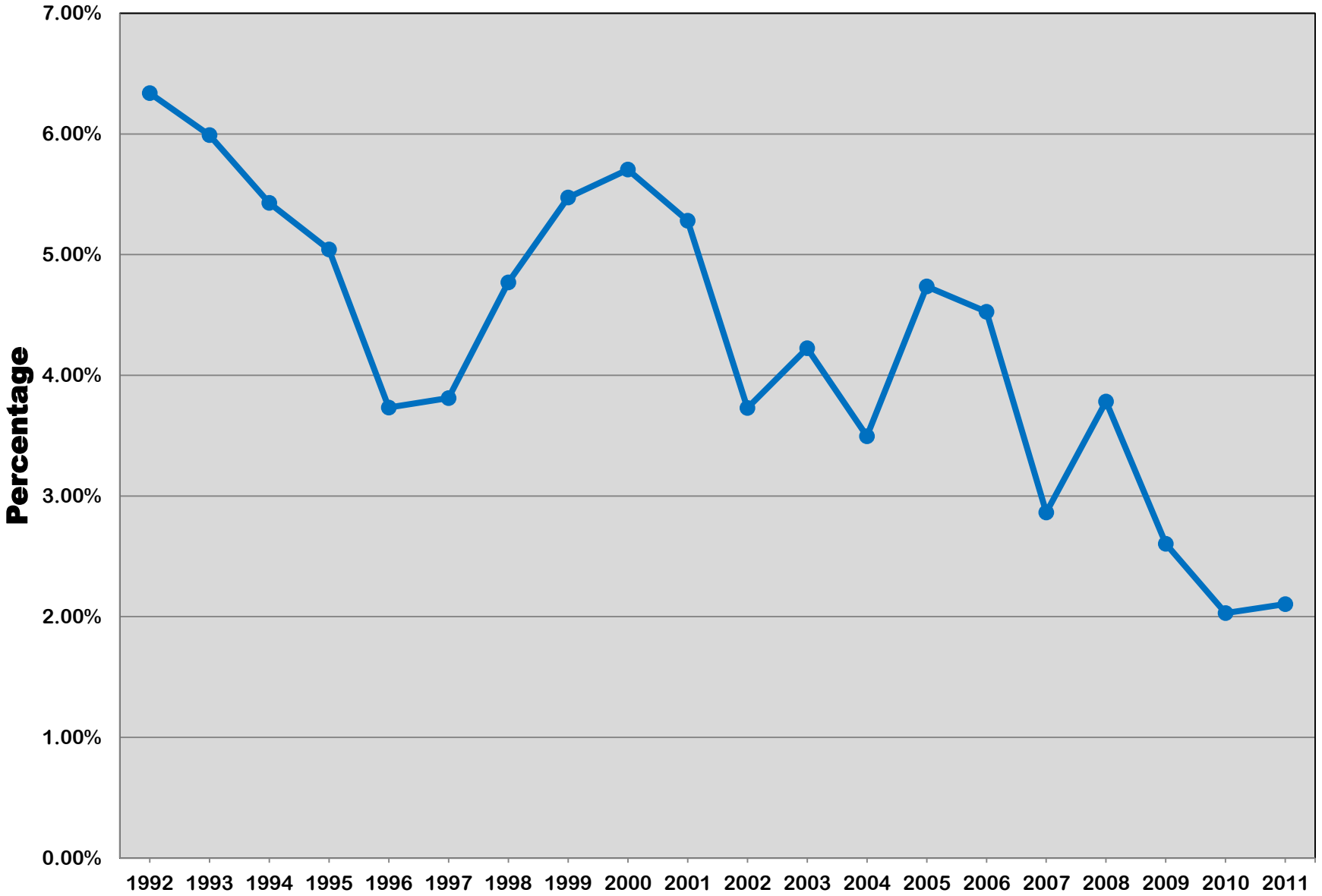
Whitewater Analysis: In a review by members of the Government Finance Officers Association, this indicator was judged important for local governments that manage their own pension funds but less important for those local governments that are part of a state-wide pension program. Whitewater is part of the State of Wisconsin Retirement System so pension fund management is not a function of the City.

The City paid off its unfunded pension liability to the State in 2004 which has reduced its annual retirement payments into the State Retirement Fund by approximately $65,000. This was a prudent financial decision by the City as the City no longer has any accrued pension liability.

The unfunded pension liability to the State of Wisconsin was retired through an internal advance with the sewer equipment replacement fund. The advance was retired in 2010.

This financial trend variable will not be included in future reports since it is no longer applicable to the city's financial condition.

Capital Outlay



Capital Outlay

Fiscal Year Data

Line	Description	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
1	Capital outlay	$311,455	$303,749	$259,551	$258,104	$195,274	$211,606	$284,433	$327,371	$334,813	$325,931
2	Net operating expenditures	$4,913,503	$5,070,190	$4,780,702	$5,117,956	$5,231,425	$5,552,387	$5,963,025	$5,980,834	$5,868,398	$6,171,516
3	Capital outlay as a percentage of net operating expenditures	6.34%	5.99%	5.43%	5.04%	3.73%	3.81%	4.77%	5.47%	5.71%	5.28%

Capital Outlay

Fiscal Year Data

Line	Description	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1	Capital outlay	$247,693	$291,132	$240,185	$342,442	$357,710	$212,252	$302,318	$203,291	$160,919	$184,646
2	Net operating expenditures	$6,641,401	$6,891,299	$6,872,127	$7,229,437	$7,902,652	$7,412,705	$7,991,981	$7,807,626	$7,927,925	$8,777,011
3	Capital outlay as a percentage of net operating expenditures	3.73%	4.22%	3.50%	4.74%	4.53%	2.86%	3.78%	2.60%	2.03%	2.10%

Capital Outlay

Formula: $\frac{\text{Capital Outlay from Operating Funds}}{\text{Net Operating Expenditures}}$

Description: Expenditures for operating equipment-such as police squad cars and computer equipment-drawn from the operating budget are usually referred to as "capital outlay". Capital outlay items normally include equipment that will last longer than one year and that have an initial cost above a significant initial amount, such as one thousand dollars. Capital outlay does not include capital budget expenditures for construction of infrastructure improvements such as streets, buildings or bridges.

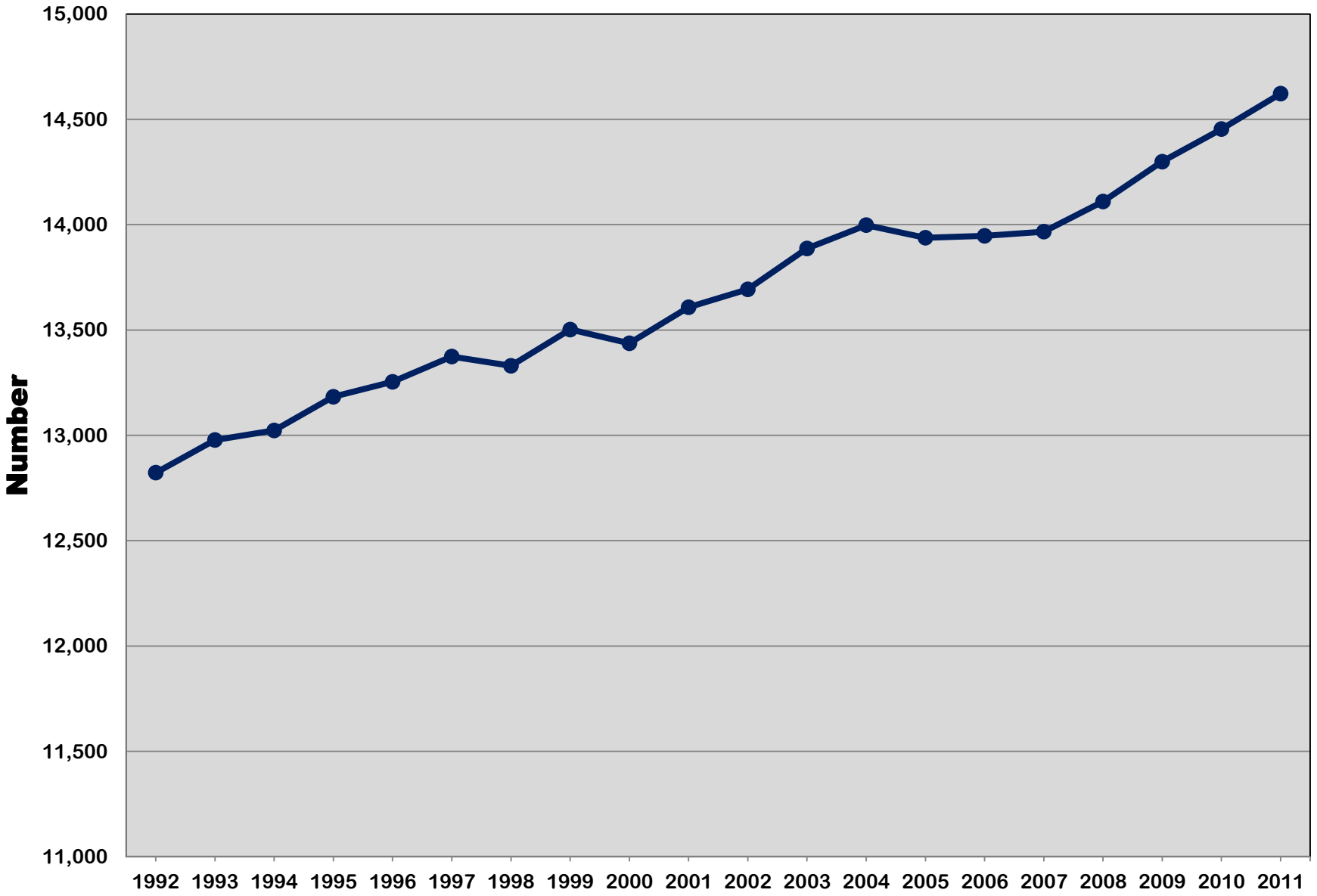
The purpose of capital outlay in the operating budget is to replace worn equipment or to add new equipment. The ratio of capital outlay to net operating expenditures is a rough indicator of whether the stock of equipment is being adequately replaced. Over a number of years, the relationship between capital outlay and operating expenditures should remain about the same. If this ratio declines in the short run (one to three years), it may mean that the City's needs are temporarily satisfied, since most equipment lasts more than a year. A decline persisting over three of more years can indicate that capital outlay needs are being deferred, which can result in the use of inefficient or obsolete equipment.

Warning Trend: A three or more year decline in capital outlay from operating funds as a percentage of net operating expenditures.

Whitewater Analysis: The City of Whitewater has been very diligent in establishing vehicle and equipment replacement funds to replace and update its worn or obsolete equipment. As such, in recent years it has budgeted to place sufficient dollars in these funds for capital replacement based upon life-cycle cost considerations and depreciation schedules. This has evened out the annual appropriations needed to pay for these items, thus avoiding large budgetary variations that can occur when large or expensive vehicles or equipment (i.e. fire aerial trucks, sewer jet rodders, street sweepers, etc.).

Over a number of years, the relationship between capital outlay (not including capital budget expenditures for construction of infrastructure such as streets, buildings or bridges) and operating expenditures should remain about the same. This has been the case in Whitewater the last decade or so and this is a healthy trend as long as adequate funds are allocated to the vehicle and equipment funds on an annual basis.

Population


15,000
14,500
14,000
13,500
13,000
12,500
12,000
11,500
11,000
Number
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011

Population

Fiscal Year Data

Line	Description	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
1	Population	12,823	12,978	13,023	13,183	13,254	13,374	13,330	13,502	13,437	13,608

Population

Fiscal Year Data

Line	Description	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1	Population	13,693	13,887	13,998	13,938	13,947	13,967	14,110	14,299	14,454	14,622

Population

Formula: Population

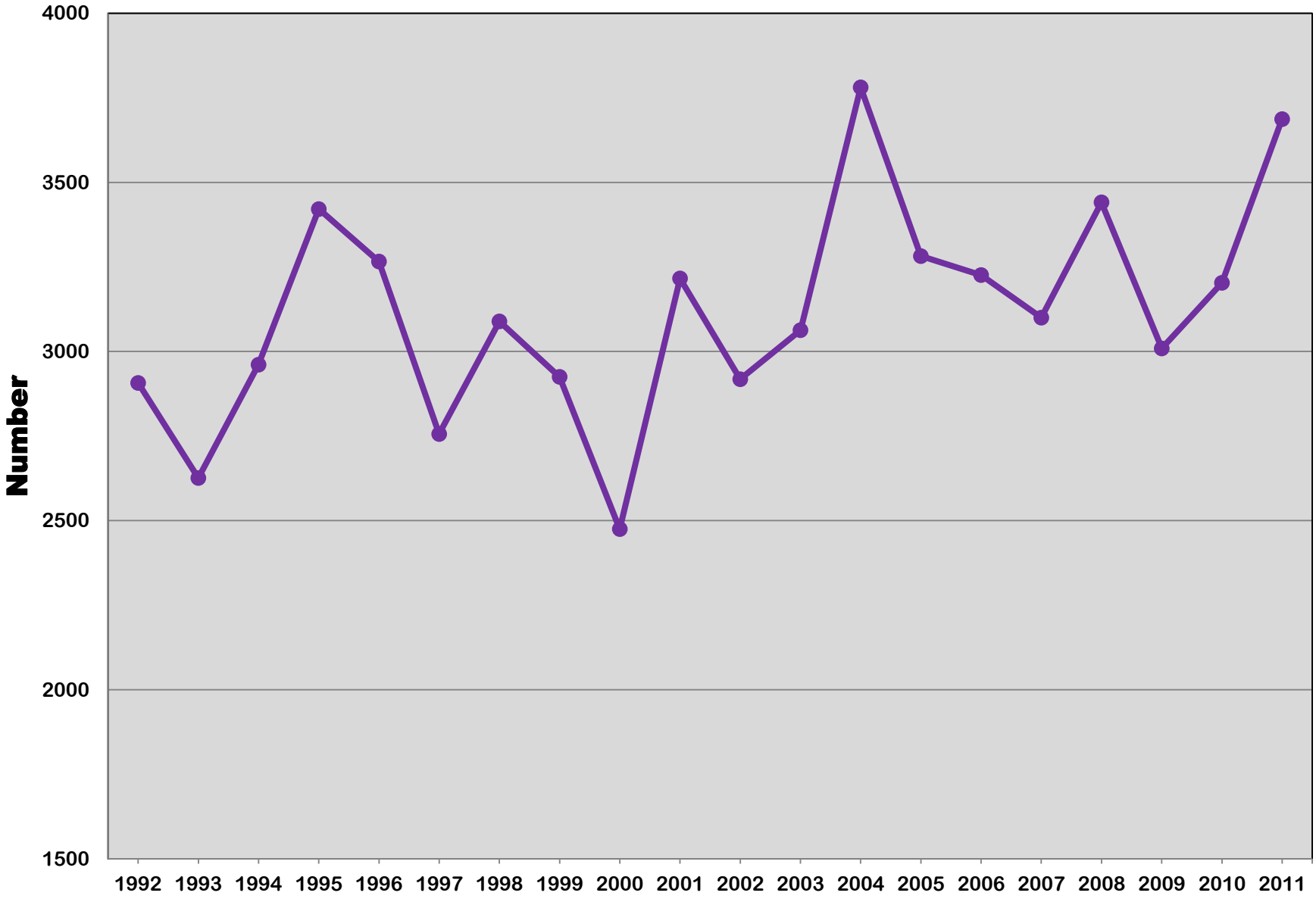
Description: The exact relationship between population change and other economic and demographic factors is uncertain. Population change can, however, directly affect governmental revenues: for example, some taxes are collected on a per capita basis, and many intergovernmental revenues and grants are distributed according to population. A sudden increase in population can create immediate pressures for new capital outlay and higher levels of service. In the case of annexations, where the capital infrastructure is already in place, there may still be a need to expand operating programs.

Warning Trend: Rapid change in population.

Whitewater Analysis: The City of Whitewater has steadily increased over the last 20 years. Since 1992, the city population has grown by almost 1,800 people. The City population has seen an increase of over 650 residents in the last five years period-part of this increase can certainly be attributed to the growing enrollment at UW-Whitewater.

This gradual increase in population is a positive trend for our city, and in recent years our UW comparable cities have experienced similar growth.

Arrests By Year



Arrests By Year

Fiscal Year Data

Line	Description	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
1	Crime rate	2,907	2,626	2,961	3,421	3,266	2,756	3,089	2,925	2,475	3,216

Arrests By Year

Fiscal Year Data

Line	Description	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1	Crime rate	2,918	3,063	3,781	3,282	3,226	3,100	3,441	3,009	3,203	3,687

Crime Rate

Formula: Crime Rate

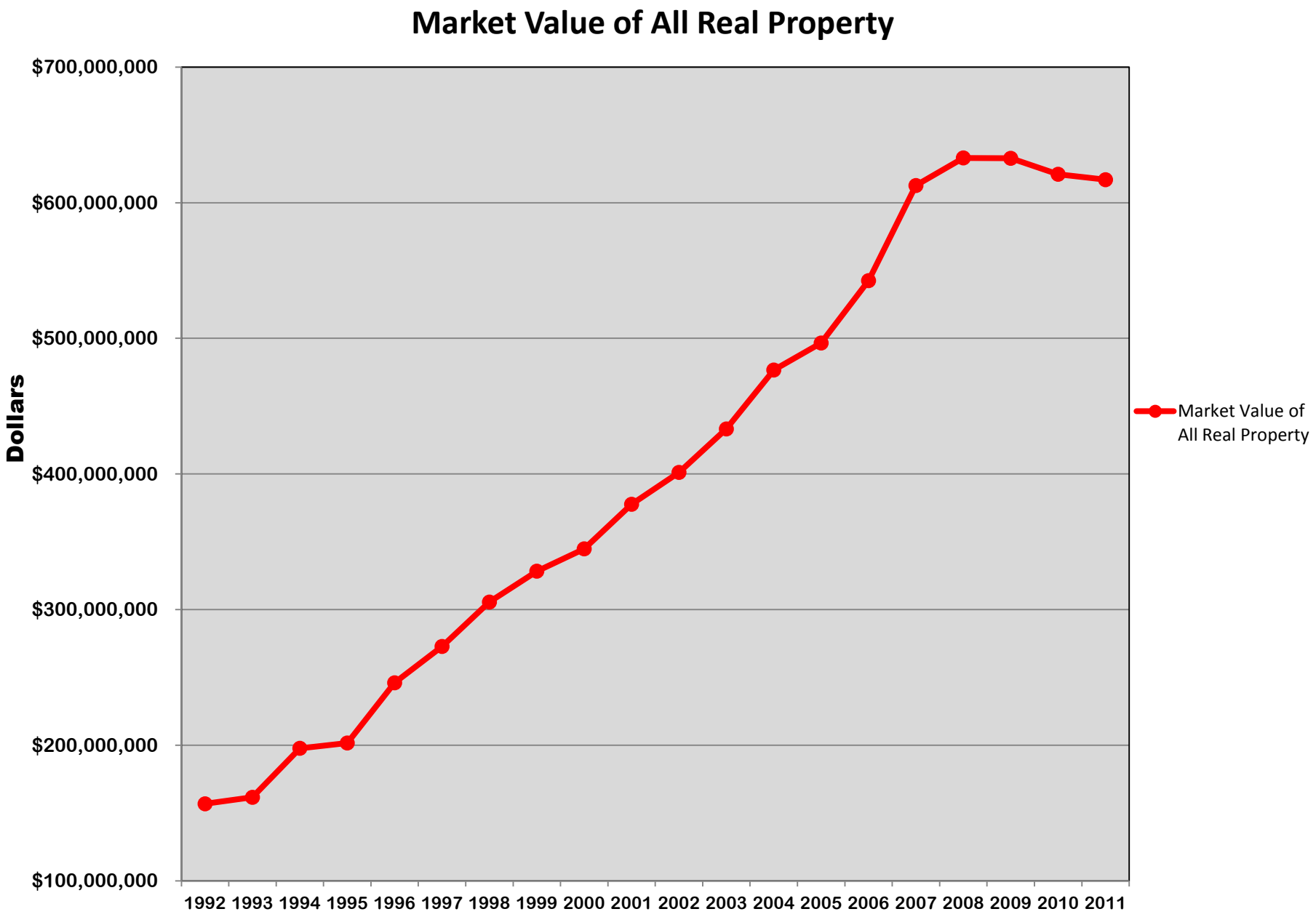
Description: Crime rate captures a negative aspect of a community that can affect its present and future economic development potential. Crime statistics address incidents of violent crime and property thefts such as burglaries, robberies, aggravated battery, sexual assaults and homicides.

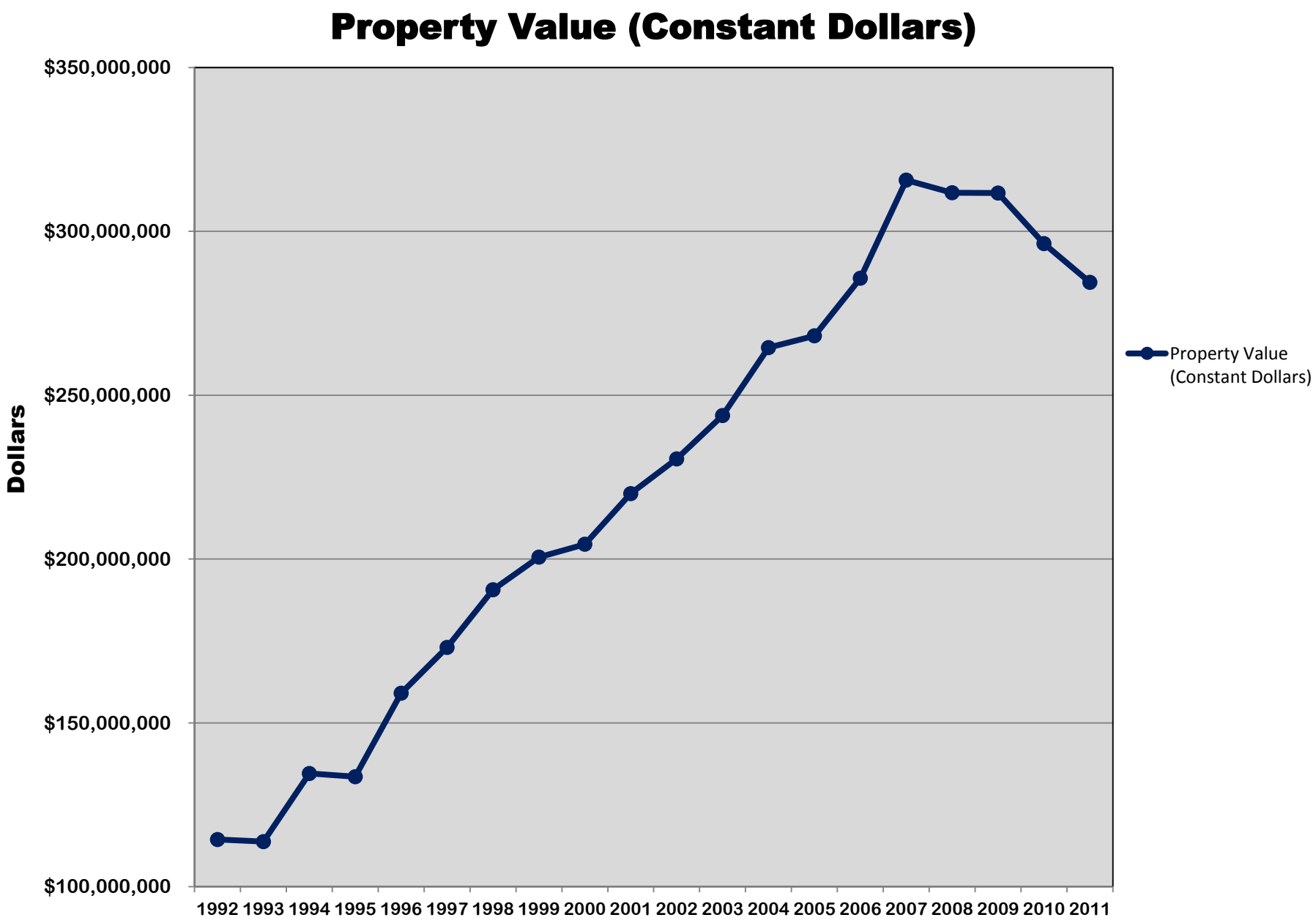
Warning Trend: Increasing crime rate.

Whitewater Analysis: In Whitewater, these incidents decreased by 21 from 2010 to 2011. Arrest data captures citaitons for ordinance violations such as disorderly conduct and underage alcohol violations as well as traffic enforcement violations. Arrests increased by 484 from 2010 to 2011. The noteworthy increase for arrests was specific to traffic enforcement based on a goal for 2nd shift patrol personnel. The shift had received traffic complaints specific to particular areas throughout the community. Patrol personnel targeted many of the chronic areas through targeted patrol enforcement. The crime rate and arrest statistics also measure the demand on public services in the form of public safety expenditures. Information on the crime rate and arrests statistics is attainable from the local police department through their annual report. It is of value to compare this indicator to the state-wide or regional statistics.

The community experienced an increase in crime involving vehicle entries and thefts. The police department facilitated a number of media releases regarding the 2011 increase in vehicle entries. The Whitewater Police Department Crime Prevention Team addressed the issue through several proactive and community awareness measures. The thefts therefore decreased overtime.

In 2000, the Whitewater Police Department began implementing large scale alcohol abatement programs. In years following there have been a number of large scale house parties that drew in arrests of close to or over 250 people. For this reason Whitewater's arrest number for alcohol related arrests may be slightly higher than some of our comparable municipal police department arrests.


Market Value of All Real Property
$700,000,000
$600,000,000
$500,000,000
$400,000,000
$300,000,000
$200,000,000
$100,000,000
Dollars
1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011
Market Value of All Real Property


Property Value (Constant Dollars)
$350,000,000
$300,000,000
$250,000,000
$200,000,000
$150,000,000
$100,000,000
Dollars
1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011
Property Value (Constant Dollars)

Increase in Property Value

Fiscal Year Data

Line	Description	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
1	Market Value of property (residential, commercial, industrial)	$156,823,900	$161,623,700	$197,772,500	$201,668,300	$246,044,100	$272,846,900	$305,564,616	$328,337,800	$344,801,700	$377,658,825
2	Consumer price index (CPI) for the municipality's area	137.1	142.1	147	151	154.7	157.7	160.3	163.7	168.6	171.7
3	CPI in decimal	1.371	1.421	1.47	1.51	1.547	1.577	1.603	1.637	1.686	1.717
4	Property value (constant dollars)	$114,386,506	$113,739,409	$134,539,116	$133,555,166	$159,045,960	$173,016,424	$190,620,472	$200,572,877	$204,508,719	$219,952,723
5	Change in property value	$4,974,640	$4,799,800	$36,148,800	$3,895,800	$44,375,800	$26,802,800	$32,717,716	$22,773,184	$16,463,900	$32,857,125
6	Percentage change in property value	4.33%	4.20%	31.78%	2.90%	33.23%	16.85%	18.91%	11.95%	8.21%	16.07%

Increase in Property Value

Fiscal Year Data

Line	Description	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1	Market Value of property (residential, commercial, industrial)	$401,156,875	$433,206,500	$476,636,950	$496,551,900	$542,527,200	$612,646,550	$633,007,350	$632,714,700	$620,952,000	$616,934,900
2	Consumer price index (CPI) for the municipality's area	174	177.7	180.2	185.2	189.9	194.102	203.029	203	209.6	216.9
3	CPI in decimal	1.74	1.777	1.802	1.852	1.899	1.94102	2.03029	2.03	2.096	2.169
4	Property value (constant dollars)	$230,549,928	$243,785,312	$264,504,412	$268,116,577	$285,690,995	$315,631,240	$311,781,741	$311,682,118	$296,255,725	$284,432,872
5	Change in property value	$401,156,875	$32,049,625	$43,430,450	$19,914,950	$45,975,300	$70,119,350	$20,360,800	($292,650)	($11,762,700)	($4,017,100)
6	Percentage change in property value	10.68%	13.90%	17.82%	7.53%	17.15%	24.54%	6.45%	-0.09%	-3.77%	-1.36%

Property Value

Formula: Change in property value (constant dollars)
Property value in prior year (constant dollars)

Description: Changes in property value are important because most local governments depend on the property tax for a substantial portion of their revenues. Especially in a community with a stable or fixed tax rate, the higher the aggregate property value, the higher the revenues. Communities experiencing population and economic growth are likely to experience short-run, per unit increases in property value. This is because in the short run, the housing supply is fixed and the increase in demand created by growth will force prices up. Declining areas are more likely to see a decrease in the market value of properties.

The effect of declining property value on governmental revenues depends on the government's reliance on property taxes. The extent to which the decline will ripple through the community's economy, affecting other revenues such as those from sales tax, is more difficult to determine. All of the economic and demographic factors are closely related. A decline in property value will most probably not be a cause but a symptom of other, underlying problems.

Warning Trend: Declining growth or drop in the market value of residential, commercial, or industrial property (constant dollars).

Whitewater Analysis: Whitewater's property value had been rising rapidly until 2008. Over the last three years, total market value decreased by 5.3%. This mirrors State and U.S. trends, however, Whitewater's decline has been less than both regional (southeast WI) and State averages:

Regional 2009-decline 1.2%	WI 2009-decline 0.5%	Whitewater 2009-decline 0.09%
Regional 2010-decline 4.2%	WI 2010-decline **3.0%**	Whitewater 2010-decline **3.77%**
Regional 2011-decline 2.3%	WI 2011-decline 1.8%	Whitewater 2011-decline 1.36%

The trends shown above are more positive than the trends seen in the region and throughout the state, with the exception of 2010. However the national average of decrease in property values in 2009 was 4.4%, 2010 was 4.8% and 2011 was 3.4%, which is above the average decrease for Whitewater.

Sources: http://nationalmortgageprofessional.com/news28219/home-prices-slow-rate-decline-06-percent-november -national
http://www.publicpolicyforum.org/pdfs/2012PropertyTaxReport.pdf- regional and WI